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4 April 1985

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POLITICAL

EUROPEAN AFFAIRS

GORBACHEV POSITION IN SOVIET HIERARCHY EXAMINED

Paris LIBERATION in French 29 Jan 85 p 24

[Article by Alexandre Adler: "The Return of the Kremlin's Young Men"]

[Text] While Chernenko continues to be conspicuously absent, the Andropovian young guard is consolidating its position at the head of the party. Gorbachev, in particular, would seem to be fashioning a choice place for himself and perhaps--who knows--the general secretary's position itself.

The rumors from Moscow according to which the elimination of Chernenko will be pursued in favor of Gorbachev are credible. Of course, this kind of talk is purposely spread by men close to one or the other of the leaders, with their own interests in mind: that is the way it was in October 1982 when Andropov's men circulated the news of the imminent forced retirement of Brezhnev. The former general secretary's death a few days later prevented verification of the truth of the assertion. Nevertheless, it is certain that the KGB men who take part in these disinformation operations aimed at Western newspapers, which are referred to in jargon as "active measures", do not just say whatever they want, especially to a paper like the SUNDAY EXPRESS which employs the famous Victor Louis, the well-informed "journalist" whose statements to the West always come from very reliable sources.

Other elements are coming out to reinforce the probability of the measure: in the autumn, the editor in chief of PRAVDA, Afanas'yev, who distinguished himself by the brutality of his disapproval in his remarks at the time of the KAL Boeing incident, reverted to provocation by announcing that Gorbachev was to become a sort of joint secretary with Chernenko. This statement, coming from a former Andropov favorite, caused a lively reaction from the general secretary's people, since the plenum devoted to agricultural affairs a few weeks later could just as easily be seen as a counter move against both the policies and the ambitions of Gorbachev. Since then, Gorbachev has had ample opportunity to pay back any injuries incurred--on the occasion of his trip to Great Britain in December, which was a true diplomatic triumph, at least in terms of the promotion of Gorbachev, and perhaps even more significantly at the ideological forum of December 1984 which was to mark his official installation in the post of secretary for sociological issues.

Even more interesting was his voluntary absence, along with the head of the Russian government, Vorotnikov, from the 15 November 1984 meeting of the Politburo, which adopted the 1985 plan and budget: such an abstention has become standard in the Soviet Union for indicating a major disagreement with the current political majority.

In any case, by this combination of pressures and arrangements, Gorbachev continues to consolidate his hold on the apparatus. From now on, he alone will have at his disposal more powers than any of his predecessors in the formidable role of number two in the party: the General Secretariat (the Politburo members who are also members of the secretariat) is in fact presently limited to three people: Chernenko, Romanov and himself, compared with five in the calmer days of classical Brezhnevism. With Romanov having inherited supervisory functions over industrial policy (partially, due to the presence of the Brezhnevian Dolgikh and the Andropovian Rizkov at his side) and with Chernenko assuming (with great difficulty) "supreme" power, Gorbachev has control of all the rest: ideological questions, educational and research policy, churches, youth, agitation and propaganda, relations with brother parties and with the socialist camp. He co-chaired the committee responsible for reelecting local party organs in 1983, under Andropov, and thus inherited a substantial share of Chernenko's former duties in the "general department" (the party administration). Finally, while the November plenum devoted to agricultural issues was supposed to be an occasion for a demonstration of the senile authoritarianism of the Chernenko-Gromyko-Ustinov group, it is clear that he was not replaced as head of this very important agricultural department.

On the other hand, the thing which is more difficult to determine, with the present state of information, is the direction that these powers are moving and are going to move. Here, one goes farther into the realm of speculation, but it is not totally impossible to draw a few conclusions: in the same way that Andropov's tactics were clearly related to those of his police predecessor, Beria, Gorbachev's tactics are a striking reminder of those of Krushchev between Stalin's death (1953) and the 20th congress (1956). With the Soviet-Yugoslav reconciliation and the dissolution of the Cominform, Krushchev became the agent of a de-Stalinization which did not seem to be foreshadowed by anything he had previously done.

Gorbachev entered the Politburo sponsored by the nationalistic and authoritarian neo-Stalinist, Mikhail Suslov; he prospered under Brezhnev without associating himself with the agitation for structural reforms of the Kosygin-Andropov-Kirilenko trio. Nevertheless, Gorbachev's involvement against Andropov was slight enough that Andropov tried to win him as an ally, but not without setting up a strong rival, by promising the promotion of his true ally Romanov to the general secretariat of the party. But the existence of compromises which were less than favorable to Andropov's power, at both the June 1983 plenum and, especially, the December 1983 plenum, gave rise to doubts about the homogeneity of the ruling group. Between Romanov and Andropov on the one hand and Chernenko on the other, Gorbachev acted as the beam of the balance. He was clever enough, upon Andropov's death, to chose sides with the weaker person, Chernenko, in exchange for the promise of a lifetime succession: Andropov's friends, at PRAVDA, showed extreme annoyance by censuring his speech to the February 1984 plenum which elected the old Brezhnev collaborator.

Ever since, Chernenko and Gorbachev have maintained, for better or for worse, their steadfast alliance, since Gorbachev is personally endorsing the September 1984 decisions: rapprochement with the United States, and dismissal of Chief of Staff General Ogarkov. With the neo-Andropovian group thus shaken up, Gorbachev can begin his dissociation with Chernenko and take advantage of the modernist opposition current in the party. Will he go so far as a new 20th congress and will he make a significant place there for his rival Romanov? These are the crucial questions right now. The renewed interest in certain aspects of the pro-French and pro-British diplomacy of Gorbachev, the success of the latest Soviet-German meeting in Bonn, the decision to send Romanov to represent the USSR and the PCF congress all show, in any case, that a removal of Chernenko risks, at least for a time, being based on a coalition of the "youngsters" against the Stalin-Brezhnev old guard which is being depleted.

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POLITICAL

AUSTRIA

FREEDOM PARTY'S HAIDER ON REDER, NATIONALISM

Vienna PROFILE in German 18 Feb 85 pp 18-21

[Interview with Land Councillor Joerg Haider by Helmut Voska; date and place not given: "Reder Did His Duty"]

[Text] [Question] I am not at all sure whether to use "God be with you" in this brown [i.e. Nazi] corner of Austria here in German Carinthia or should I simply say "Heil Reder" or "Sieg Heil" to you?

[Answer] What am I supposed to say to that?

[Question] Am I still sitting across from the same Joerg Haider who told me a few years ago that a former SS man had no business heading a democratic political party and the same Haider whom Bruno Kreisky once called a "true liberal" or am I sitting across from a reincarnation of a Hitler Youth thug of 1938 vintage?

[Answer] I am the same Joerg Haider you met many years ago and who has the courage to base his analysis of political issues on his personal liberal philosophy and to call a spade a spade where other politicians prefer to sit in their pubs drinking beer and debating but being afraid to say what they think in public.

[Question] In all seriousness you have been referring to the reception accorded to a war criminal by a member of our federal government as "exemplary." What is it supposed to be: an example for Austria's young people? Or an example for the world of the way in which our country copes with its horrible past?

[Answer] I used the word "exemplary" in its truest sense because there has been a number of political figures, including cabinet ministers, who took charge of prisoners of war at the border. I am thinking of Gen Windisch, under sentence of death in Yugoslavia, who was received in 1952 by Ferdinand Graf, the OeVP state secretary who later became defense minister. On that occasion, representatives of the Land government were also present. And there were occasions at which SPO Interior Minister Helmer officiated. That is what I was referring to.

[Question] You are referring to Reder as a prisoner of war. If anyone is a war criminal, it is Reder, an SS colonel, who was convicted for war crimes.

[Answer] I am holding to the Geneva Convention and to what I have read in the verdict passed on Reder by the court in Bari. I also cannot assume that the leading political figures of the Austrian Republic intervened on behalf of a common criminal.

[Question] Unarmed women and children were murdered on Reder's orders. What is your definition of war crimes ?

[Answer] War crimes, as far as I am concerned, are violations of laws of war.

[Question] Did Reder violate any laws of war ?

[Answer] I am not examining that.

[Question] Do you consider Reder the victim of an error of justice ?

[Answer] I have no intention of looking into that question either.

[Question] Are there, as far as you are concerned, perhaps no Nazi war criminals at all—including people like Adolf Hitler, Eichmann and Mengele ?

[Answer] Reder did his duty as a soldier and in my opinion he cannot be compared to those crimes which were committed during the Nazi regime on the basis of political activities.

[Question] What Nazi criminals and crimes can you think of ?

[Answer] I do not ponder on these things.

[Question] Why is that ?

[Answer] Because I see no reason to grapple with the horrible events of that time.

[Question] Shouldn't everyone do so—all the more every political figure who opens his mouth in the ongoing Reder debate ?

[Answer] I am a committed democrat and an enemy of any type of dictatorship. I have long since done with the past.

[Question] In the way that one of your party friends did who declared after visiting Auschwitz concentration camp: "It is all propaganda?"

[Answer] I believe that one cannot ignore historical facts.

[Question] What are the facts of history which you do not wish to ignore?

[Answer] That there surely were concentration camps and that one must not ignore these things.

[Question] And what took place there?

[Answer] The well-known crimes against human rights.

[Question] What types of crimes?

[Answer] That people were not only murdered but were also kept prisoner under inhuman conditions.

[Question] How many people were murdered in this manner?

[Answer] There are very many different assertions and very many different figures concerning that. I do not believe it matters what the figures are.

[Question] What figures are you thinking about now?

[Answer] Of figures in the millions.

[Question] Why did the Nazis murder millions of people?

[Answer] Because they did not agree with their political system.

[Question] Do you, like many of your party friends, equate Dresden with Auschwitz?

[Answer] I believe that such atrocities should not be equated one to the other.

[Question] You do not perceive a difference between the horrors of Dresden and Auschwitz?

[Answer] In both instances people fell victim to a wrong policy.

[Question] Let me ask you a more personal question. In retrospect, was it a wrong decision of your father's to join the so-called Austrian Legion, as Reder did? Would it have been right to show some remorse—at least afterwards when the enormous crimes of the Nazis became known?

[Answer] One must understand the decisions of the then young generation in the light of the fact that they were looking for a better future in the absence of economic opportunities in Austria.

[Question] I am speaking of the years after 1945 when Austria lay in ruins thanks to the Nazi regime and there were no economic opportunities for lots of people but that these people did feel remorse about having joined the Nazi party or the SS. Your father did not ?

[Answer] My father always took a proper stand. He was always a soldier who had gone through a lot; but he also took part in the reconstruction phase of the second republic like the rest of the citizens and democrats. He cannot be accused of any wrong.

[Question] Did he ever feel remorse about that wrong decision he made then ?

[Answer] That you will have to ask him yourself.

[Question] Didn't you ever talk to him about it ? What do you think of him ?

[Answer] I think that he has made his connection to the future.

[Question] In what sense ?

[Answer] By orienting himself in the new republic in such a way that he has become a valuable member of society.

[Question] Would you say that both you and your father are immune against fascist ideology on the strength of historical experience ?

[Answer] I would not be a committed democrat otherwise.

[Question] In your view, is it an inordinate demand to make of the sons of criminals and Nazi fellow travellers that they should still show some remorse today ?

[Answer] I believe that the generation to which I belong simply has different points of view and problems with which it must cope.

[Question] Why then are you making a completely contrary commitment on the Frischenschlager issue ?

[Answer] I am merely adhering to the decisions and agreements of my own party and I only went public once again because Frischenschlager made some statements which I felt were unnecessary.

[Question] What in heaven's name provoked you to give new publicity to the Frischenschlager issue to the detriment of our country by criticizing his apology in an Israeli newspaper?

[Answer] I was bothered by the fact that Frischenschlager retracted a statement he made in the space of 1 week—a statement which he had phrased quite correctly at the outset. All of a sudden, Frischenschlager surprised us all by identifying Reder as a war criminal. "Which is which?" my friends from Carinthia were asking and they threatened to give up their seats.

[Question] But that term is also contained in the apology which Heinz Fischer drew up on Frischenschlager's behalf to submit to Sinowatz.

[Answer] The term used there is "crimes in war;" but Reder is not identified as a war criminal.

[Question] Would you be good enough to explain the fundamental difference between war crimes and crimes in war.

[Answer] According to the Geneva Convention a different legal position is involved. For another thing, the term "war criminal" runs counter to the resolution adopted by the MPO. I criticized Frischenschlager, whom I had originally defended, for disavowing those who had supported him. That is something we will not stand for.

[Question] It also made you mad that Frischenschlager used an interview to apologize to the Israeli people for his reckless Reder escapade. What would you personally tell a young Israeli about the guilt of the fathers and the stupidity of your comrade Frischenschlager?

[Answer] I believe that one should distance oneself from attempts to operate on the basis of the collective guilt theory.

[Question] I did not really want to hear from you what one should distance oneself from but what you would actually say.

[Answer] As far as I concerned, there once was a time of belligerent confrontations in which our fathers were involved—and at the same time events took place as part of the Nazi regime which are unacceptable. But no members of my own family were involved in these.

[Question] Did I hear you say "events?" What exactly do you mean by events?

[Answer] Well, you know, there were activities and actions taken against ethnic groups which were glaring violations of human rights.

[Question] Is it difficult for you to speak of gassings and mass murder ?

[Answer] If you insist, then it was mass murder, I guess.

[Question] Would you describe it in that way, too ?

[Answer] It has after all been proven that something like that did take place.

[Question] What ?

[Answer] Mass murder.

[Question] Everyone is talking about Haider. The chancellor is trying to exercise damage control over his coalition and he calls you a provincial politician who is not to be taken seriously. But you have been praised by FDP chief Burger and I quote: "Liberal Frischenschlager, who shifts in his pants, must go and his big buddy Steger, too. Haider has the support of all nationalists." Are you happy about this applause from the extreme right end of the spectrum ?

[Answer] I have no need of anyone's applause, if I adopt an honorable position.

[Question] Is Frischenschlager a man who shifts in his pants ?

[Answer] [laughing] He is minister of defense and a member of the FDP.

[Question] And in this particular situation—what would you say he is ?

[Answer] What I already said.

[Question] How do you characterize an FDP politician who gives an interview to a Jewish newspaper ?

[Answer] I will first find out whether it is true that Frischenschlager was quoted incorrectly. Then I will make a statement.

[Question] According to Burger, Frischenschlager's "overzealous apologizing" is "disgusting and distasteful." Is that the way you feel about it, too ?

[Answer] As far as we were concerned, it did not correspond to the spirit of our position. That is why we spoke up.

[Question] What is your position ?

[Answer] Frischenschlager should not have granted the interview because now the impression has been created that he must apologize all over the lot for no good reason.

[Question] Could you bring yourself to show remorse vis-a-vis an Israeli newspaper about the crimes committed by Austrians between 1938 and 1945 ?

[Answer] I am opposed to collective accusations; but all those things which are historical facts one must accept as such.

[Question] Without any feeling ?

[Answer] That has nothing to do with insensitivity.

[Question] You do not feel anything ?

[Answer] I have feelings regarding all types of atrocities.

[Question] Such as ?

[Answer] Feelings like that some horrible things happened which one had better keep from happening in the future by taking positive steps.

[Question] Revulsion ?

[Answer] I feel revulsion toward any type of dictatorship.

[Question] Was the Nazi dictatorship a dictatorship like any of the others ?

[Answer] I believe one should not distinguish between totalitarian systems in terms of gradation. All of them are to be rejected.

[Question] The Nazi regime differed in no way from the other dictatorships ?

[Answer] It is not my job to examine whether dictatorships elsewhere are more humane.

[Question] Was the Nazi dictatorship the most inhuman ever ?

[Answer] That is a value judgment you have made. I do not make value judgments.

[Question] If you have such a difficult time working out the past, then the ones who say that you are a "danger for democracy" are probably right.

[Answer] I have no problems at all and that I constitute a danger for democracy—that is just plain ridiculous.

[Question] If it were really so absurd, then you would not have to worry about your good name and call on Norbert Steger for help.

[Answer] There is another reason for that. I believe that an honorable political party cannot quietly sit by in a cowardly fashion and watch one of its own being defamed in the most serious way.

[Question] You are not going to tell me that poor, shy, tongue-tied and defenseless Milquetoast Haider needs his otherwise favorite whipping boy Steger to protect him from justified accusations. There must be more to it, I am sure.

[Answer] The FPÖe must make it clear once and for all that its leaders are undeniably and unreservedly committed to a democratic philosophy. I want a clear statement—from the SPÖe as well—that the FPÖe is not an organization which harbors anti-democratic elements.

[Question] You are not satisfied by the fact that today Norbert Burger rises to your defense and tomorrow the entire DEUTSCHE NATIONAL- UND SOLDATENZEITUNG [German National and Soldiers Journal] will follow suit?

[Answer] I had no need of that ever. But I am at least minimally satisfied: the vice-chancellor said last Wednesday evening that the socialist accusations against me are totally unfounded.

[Question] I am interested in the real reasons behind your most recent escapades.

[Answer] [Silence]

[Question] Is it that you like to see your name in the papers?

[Answer] I have gotten over that.

[Question] Is it just plain local political opportunism then which dictates the actions of the Carinthian FPÖe chief?

[Answer] That is what my political opponents say.

[Question] Are you trying to take advantage of a propitious occasion to rally the nationalist camp? Do you really intend to found a new political party and leave Steger behind with an insignificant crew of a few upstanding liberals?

[Answer] Before Steger made his statement, I threatened to do that—that is true. Now I have my place inside the FPÖe once again.

[Question] Norbert Burger, who knows the FPÖ well, said that "the fraud of pursuing liberal policies with the help of nationalist votes must stop once and for all." Do you agree with him on that ?

[Answer] Not at all. Liberal votes are being used to pursue liberal policies with which I am not always satisfied. But I have already said that time and again.

[Question] By mounting your constant attacks, are you trying to tear the inept Sinowatz/Steger coalition government apart ?

[Answer] Not in the least. All I am saying is that the party should continue to defend the position it established on the Frischenschlager issue before the public without regard to the SPÖ protests.

[Question] Would you like to become vice chancellor in place of Steger and do you think that Sinowatz might accept you ?

[Answer] I still have a lot to do in Carinthia. And as for what Sinowatz thinks of me, that is not so very important to me.

[Question] Or is the only motivation you have that you feel you are the heir of an ideology of the day before yesterday ?

[Answer] You are the one who maintains that—not I.

[Question] Don't you read the papers ?

[Answer] Published opinion is not the same as public opinion.

[Question] It took Cap, Tieber and Konecny some time but they finally came to the conclusion that "an FPÖ under Haider" would "no longer be capable of forming a coalition." The SPÖ was in no position, according to them, to dirty its hands any further by accepting such a party as a coalition partner. SPÖ central secretary Schieder has called on the FPÖ to deal with the Haider issue on its own. That means, does it not, that you are faced with proceedings because of statements damaging to the party's integrity ?

[Answer] I do not see why. I merely said and recalled to memory what the party agreed to in a unanimous vote.

[Question] Do you really believe that Norbert Steger is still 100 percent behind you and that he will not give in to the pressure of his coalition partner ?

[Answer] In truly decisive situations Steger will surely support me completely.

[Question] Just as loyally as you are toward Steger.

[Answer] If there is one attribute Steger has, it is loyalty. One could not say that Steger's statement was a cordial one but in substance it hit the mark.

[Question] Did it hit the mark or did it hit you ?

[Answer] Both. It became apparent to me that there is a certain personal rift between me and Steger. But on the other hand he did make it clear, in his capacity as national party chairman, that the extremely brutal attacks against me by the SPOe and the OeVP were unfounded.

[Question] And what would you have done, if that rather insipid statement saving the honor of one Mr Haider by one Mr Steger had not been forthcoming ?

[Answer] The opportunity to withdraw from political life to private life is always open to me. I only spoke of establishing a new political party on condition that many of my friends are in favor of it.

[Question] Otto Scrinzi and Norbert Burger are certainly for it.

[Answer] I think one should not simply lump Scrinzi and Burger together.

[Question] If the SPOe is not to lose face completely, it must see to it that the FPÖe institutes intra-party proceedings against you. Would you defend yourself against any such charges or would you quit the FPÖe before that happened ?

[Answer] I would most certainly defend myself. I am prepared to meet any challenge. But I would not face a party tribunal by presenting a prepared written apology--the way Nemning did.

[Question] What hopes do you pin on your friends Thuek, Schender, Stix and Eigentler who have been supporting you all along ?

[Answer] There are a good many more who loyally support me.

[Question] That would imply that the most powerful FPÖe land organizations are prepared to fight for Haider. The AZ confidently speculates that you are the leader of a tiny minority within the FPÖe.

[Answer] It is the job of the AZ to minimize the effectiveness of the FPÖe chairman for Carinthia--the result being that it has thus far been wrong every time.

[Question] Does the "high-ranking Hitler Youth member" and present SPÖ provincial governor of Carinthia, Leopold Wagner, have no objections to your remaining in the Land government ?

[Answer] I have no doubt but that I continue to enjoy the confidence of the provincial governor.

[Question] But Mr Lockner, writing in the socialist party newspaper, is describing a situation which must by now also have come to the attention of Messrs Sinowatz, Kreisky and Wagner. "A stop must be put to all this fuss," he writes. "The SPÖ owes it not only to its coalition partner but to the country as a whole. Steger must wipe the slate clean. Otherwise, the FPÖ can no longer qualify as a coalition partner but only as a flea circus." The socialists no longer want you to sting them. Does that mark the end of the red-and-blue experiment—for the good of Austria ?

[Answer] Certainly not. I have heard from Steger what I wanted to hear. And as for Chancellor Sinowatz, he has no other choice.

[Question] You are being asked to make a gesture of contrition. According to FPÖ general secretary Grabher-Meyer, you are being asked to apologise to Frischenschlager.

[Answer] I would not know what for.

[Question] If you are not asked to leave, then the national party chairman will probably have to take the consequences. Isn't the question of a successor to Steger going to be on the agenda soon ?

[Answer] No comment.

[Question] How many of the FPÖe Laender organizations are still happy with Steger ?

[Answer] No comment.

[Question] But you must know what the mood is in Carinthia.

[Answer] As is well known, it is critical of Steger.

[Question] Has the Carinthian FPÖe presidium asked you to carry any message to the FPÖe national executive committee meeting this Tuesday ?

[Answer] I will wait to talk about that on Shrove Tuesday.

[Question] Reder is said to be living in Haider country. So as to improve the Austrian image abroad even further, wouldn't you like to give a re-

ception for him, complete with handshake in front of the TV cameras. Why should it only be a defense minister who cordially welcomes a war criminal? Your campaign slogan in the Carinthian election was "Joerg has guts." Does Joerg have enough guts to do that?

[Answer] I have no ambitions along those lines. But I would have had the guts to bet every penny I have that Kreisky, if he were still chancellor, would have gone to meet Reder. And if Reder had not landed in Graz but in Salzburg, you may rest assured that Salzburg governor Haslauer would have been there to meet him.

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CSO: 5620/294

POLITICAL

FEDERAL REPUBLIC OF GERMANY

LEGISLATIVE PARTY GROUPS DETAIL INNER GERMAN PLATFORM

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 2 Mar 85 p 6

[Article by "fy." datelined Bonn 1 Mar 85: "Environmental Protection, Tariffs, Fees, Prison Conditions, Human Rights—The Coalition's Working Program for Inner German Politics"]

[Text] The draft of an inner German political program, jointly worked out by the CDU/CSU and FDP Bundestag fractions, was made public in Bonn on Friday. Lintner and Ronneburger, the CDU/CSU and FDP spokesmen on inner German affairs, announced that the two coalition fractions agreed on a total of 10 headings which they will work on jointly during the current legislative session or which will be dealt with on the basis of parliamentary initiatives, i.e. in the Bundestag itself.

The CDU/CSU, the draft indicates, no longer appears to be pressing for an outright rejection of official contacts between the Bundestag and the East German Volkskammer [People's Chamber]. Both working groups are agreed, the document states, that all status issues connected with the establishment of official relations "would have to be resolved completely before any such step was undertaken." This applies in particular to the [West] Berlin deputies. The inner German policies and Berlin issues working group of the CDU/CSU fraction, the document goes on to say, believes that "official contacts would not necessarily amount to a justifiable enhancement of the reputation of the Volkskammer."

The 10-point program also contains two projected major [parliamentary] interpellations, one of which is to deal with the "treatment of the German issue in the educational institutions of the FRG and the GDR." It is to produce a comprehensive study on the "actual treatment of this subject matter" in both parts of Germany. The second parliamentary inquiry is to deal with environmental protection, focusing on the present state and the future development of environmental protection programs in the GDR as well as joint programs to be undertaken by both German states. The two fractions also agreed on raising this issue in talks with the appropriate authorities in the GDR and thereby to support the efforts of the FRG government.

Prior to the CSCE human rights conference, to be held in Ottawa in early May, the FRG government is requested to submit a report to the Bundestag on what it proposes to say on the subject of humanitarian relief at that conference. The two working groups will begin to look into the subject of penitentiaries in the GDR as soon as they receive the results of an inquiry into the matter which is being conducted by a Council of Europe commission. The two working groups will order that materials on the subject of "education for hatred and militarization of life in the GDR" be collected. The FRG government is to be asked to submit a detailed report on how it presents the German issue in international forums. Organizations such as Inter Nationes and the Goethe Institutes are expressly to be included in this report.

In spite of continued improvements in the treatment of travelers by the GDR authorities which began in 1983 the two coalition fractions do not consider the present state of affairs satisfactory as yet. Even today, there still are instances of unexplained harshness and chicanery as for example that FRG citizens involved in an accident are asked to post exorbitant bond without regard to guilt or innocence; that excessive and unjustified fines are imposed but also that items are confiscated even in cases of minor customs violations. In this connection the entire question of fees in the GDR is discussed. But the document does not say what the fractions intend to do about them in detail. Additional issues covered in the document include the integration of GDR immigrants into FRG society; the extension of the GDR ban on contacts with Germans from the FRG and the issuance of satellite radio channels to RIAS Berlin. The minister presidents of the Laender are to be asked to reach an appropriate decision on this matter as soon as possible.

In connection with the chancellor's report on the state of the nation in divided Germany, which was debated in the Bundestag this week, the coalition fractions and the SPD submitted two different draft resolutions. In theirs, the CDU/CSU and FDP fractions underscore their interest in maintaining a consensus among the political parties with regard to the fundamental issues of inner German policy. They will therefore try to use the upcoming debate on the two resolutions to produce a single, joint resolution after all--which is to lay stress on the positive developments of the past year. CDU deputy Linthier said that he regretted the fact that the SPD, as its draft resolution showed, was continuing to raise issues, such as the question of citizenship, on which no consensus can be reached. It was thereby turning the focus of public debate on issues which the GDR and the FRG are incapable of resolving and at the same time away from Honecker's stated position--namely to concentrate on areas of possible agreement.

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

BANGEMANN STRESSES FDP'S LIBERAL TRADITION

Hamburg DER SPIEGEL in German 18 Feb 85 pp 43-55

[Interview with FDP Martin Bangemann conducted by SPIEGEL editors Paul Lersch and Heiko Martens at Ministry of Economics, Bonn; date not indicated: "To Deal with Party and Public in Different Manner"]

[Text] [Question] For decades, Mr Bangemann, the FDP has been fighting a certain personage. It even broke up a coalition on his account and went looking for votes in a number of election campaigns, using him as a bogeyman. Former party chairman Genscher did his level best to keep him out of Bonn—but as for you, you call Franz Josef Strauss "my friend." Does that mean that things are going to change under your aegis as party chairman ?

[Answer] One should not call a man a devil for all time because that comes down to treating him inhumanely and also assigns greater importance to him than he actually possesses. That is why I have tried to establish a normal personal relationship to Franz Josef Strauss and between the FDP and the CSU as well. In spite of all the differences of opinion, a coalition cannot function properly, if two parties are constantly going at each other like cats and dogs.

[Question] For decades, the FDP considered Strauss a prime example of democratic unpredictability and anti-liberalism. And now ?

[Answer] It is clear that the **whole situation was** entirely different in the past when the FDP was part of the government coalition and the CSU was in the opposition. But in spite of the friendly relationship now, we do not try to paper over our differences in the least. Of course Franz Josef Strauss is not a liberal politician even though he does make that claim from time to time. He and his party on the one hand and we on the other have very distinct differences of opinion with regard to certain issues such as the rights of foreign nationals. There is very specific evidence of this in the right to asylum debate, for example.

[Question] Strauss is openly referring to the "Kanakians" and making it appear that he is speaking of that Caledonian ethnic group.

[Answer] However that may be, a liberal would not use that type of language.

[Question] You recently said that you were prepared to play the part of a "political bad boy." Is it affinity then that brings you to this perplexing friendship?

[Answer] I am perfectly willing to admit that I personally am able to understand quite a few things about Strauss which others cannot because they are unable to deal with his baroque style as well as I do.

[Question] Within your own party you have acquired the reputation of a gambler. Now your party friends are asking themselves whether your experiences in the European Parliament have changed all that or whether you intend to continue to play the part of FDP will-of-the-wisp.

[Answer] The way I see it, the way you have characterized me is unjustified—even against the background of those things which the FDP itself sometimes found hard to understand. As general secretary, to be sure, I tried early on to deal with the end of the socialist-liberal coalition (which I could see coming) in a strategic manner and not just for the sake of switching tactical positions. I do not think anyone will dispute the fact that there was a need to form a new coalition.

[Question] As long as 10 years ago you wanted out of the coalition with the SPD. Nobody could see it your way then.

[Answer] That is true—but is it really a disadvantage to be able to think 10 years ahead? In the meantime, I have gotten 10 years older—and the European experience has definitely done me some good. Now if someone is not a complete dunce, he also learns things as time goes by.

[Question] So far it seems you have not been able to change your image. Ingrid Adam-Schwaetzer, a member of your own party, has said that "utter confusion" reigns inside the FDP. The new man does not appear to have a style of his own. How come?

[Answer] For one thing, I do not believe that the overall line is as fuzzy as all that—and then there is a simple answer. We elect our chairman in a democratic manner and that is what we will do at the party congress in Saarbruecken; but while the present party chairman is still in office no one is entitled to act as though he had already replaced him.

[Question] But that should not prevent you from carving out your own political image instead of spreading confusion. But if you say "how do I know what my position will be a year from now," isn't it understandable for your party friends to fear for the worst?

[Answer] Such statements in response to a particular question at a particular time should be not used out of context. That is no way of judging a person in a reasonable and appropriate manner.

[Question] Nobody accuses you of a lack of ideas; in fact, it is said that you have too many. DIE ZEIT said that you should first think and then speak. For instance, you suggested in all seriousness that a new post of Shakespeare adviser should be created as a way of cutting down on unemployment.*

[Answer] I have always been in the habit of thinking first and speaking later. There are some people who think a little more slowly than I do, that is all and then there are those who take things out of context as is the case with the Shakespeare adviser.

[Question] In Bonn, a proposal of this sort is apt to be relegated to the odds-and-ends file.

[Answer] I am willing to admit that; but I do not want to become your run-of-the-mill Bonn politician. Let me make that perfectly clear. I am not saying that this is a plus. Bonn politics have helped contribute to the loss of credibility of the political parties and their representatives. Politicians and some members of the press, radio and television have come up with a jargon of their own. They becloud the problems; they are unable to reduce things to a common denominator and shy away from saying something that might make people smile.

[Question] So you are trying to create a new political style?

[Answer] I do not want to change the style from A to Z; I couldn't. But the truth is I would like to deal with the party and with the public in a different way from the past. By saying nothing, by spouting slogans and formulas, problems were papered over instead of calling a problem a problem. I would also like to deal with other people in a different way. Let me go back to what I said about Franz Josef Strauss. Cliches tend to

* In an interview with QUICK magazine in August 1984, Bangemann said: "Let us assume that someone studied Shakespeare's plays and now he is offering people to take them to the locations where these plays took place. He takes these groups to different performances and explains the background and the meaning of the plays to them...And that creates the entirely new job of Shakespeare adviser. As silly as it sounds, it does have potential for the future."

conceal the individual; to make people invisible; to spirit them away and hide them in a drawer. It happened often enough to me during the course of my political career, if you want to call it that. I have always fought against that and will continue to do so in the future.

[Question] You have said that it was something special to be a liberal in former times and that you want to bring back that feeling. How do you propose to go about that ?

[Answer] There are some inalienable liberal positions which we must leave untouched: in the field of justice, in the protection of minorities, in our policies vis-a-vis foreign nationals. At our 6 January meeting in Stuttgart I focused on the concept of freedom as it relates to equality. In our day, equality of opportunity has turned into a kind of egalitarian conformism.

[Question] Didn't the FDP consider equality of material opportunity to be a precondition of freedom once upon a time ? How has that changed in the meantime ?

[Answer] That surely is an interesting question because it is also being debated inside the FDP—in the sense of how the liberal manifesto to be decided upon in Saarbruecken relates to the Freiburg tenets of 1971. In the French Revolution, equality was a formal concept: equality in voting, equality before the law and so on. The Freiburg tenets added the material dimension to these formal concepts of equality.

[Question] You were very much instrumental in drawing these tenets up—which is why we are all the more surprised at your statements.

[Answer] If I wanted to be immodest—only to return to my innate modesty right away—I might say that I not only wrote a number of chapters of the Freiburg manifesto but that I actually worked them out myself. I have no intention of going back in time beyond Freiburg and say that everyone has an equal right to sleep underneath the bridges of Paris.

[Question] Is that a fact ? Genscher called it a "jealousy tax" when a special levy was to be imposed on high earners in the interest of social justice and you yourself said that "we have attained perfect social symmetry." The priorities of the FDP have long since changed.

[Answer] Now you are getting closer to the truth because since the days of the Freiburg program we have really made progress. Those who were at a material disadvantage initially have since caught up so that we have now in fact achieved social symmetry to the extent that such a thing is at all possible.

[Question] Isn't the mere concept of a "jealousy tax" an indication of the fact that the FDP no longer has a feel for certain social problems ?

[Answer] No. Every formula is wrong to some extent. Let me try to explain my own point of view by giving you an example. Over the past few decades, there has been a continuous reduction in the length of the work week which I do not deplore. It is an indication of social progress, of course; but while this was going on a few members of this society were constantly putting in longer working hours. Take the top positions in whatever field you please—in industry, in the media, in the political parties or in the ministries—the more qualified the position is, the longer hours those who hold them are apt to work. What I am saying is that we need people who perform more because only that will help our economy and our society make progress.

[Question] The way you are talking shows that nothing is left of the Freiburg program of social reform. Would it not be more honest openly to bid farewell to the Freiburg tenets—as CDU general secretary Heiner Geissler has suggested ?

[Answer] My first point is that a political party cannot incinerate its past. And secondly, a political party cannot repress its history. It lives with its history and it learns from its history. The basic idea of the Freiburg program formed the basis for 13 years of practical government work. These years of the socialist-liberal coalition cannot be incinerated, forgotten or repressed either.

[Question] The new liberal manifesto which you also worked on creates a different impression.

[Answer] There is a passage in it which goes something like this: a policy which set out to achieve greater welfare, more equality and a more humanitarian attitude ended up by creating more bureaucracy, more inhuman conditions and more conformity. This passage has offended some inside the party. We will correct it. It is not our intention to castigate socialist-liberal policies. We merely wish to set individuality and freedom against these tendencies toward bureaucracy and conformity.

[Question] Under the new conditions, social sensitivity is not writ as large as it used to be; there are other political parties which can worry about that. Would that not be an unequivocal position to adopt—as your predecessor Lambsdorff, for one, suggests ?

[Answer] No. I cannot see it that way. That would be shortsighted; but I know there are many people who would like to see the FDP take a position on the far right of the political spectrum.

[Question] Such as your friend Franz Josef Strauss.

[Answer] There is no need for me to think everything right which my friends want me to do. I do not think everything right that you people have in mind for me either. Liberalism calls for social responsibility every step of the way. And any person who goes through life as a kind of egomaniac trampling everything underfoot is not a liberal in my book.

[Question] In Saarbruecken, a minister of economics will be elected chairman of the FDP for the first time ever.

[Answer] Maybe.

[Question] Is that an accident or part of the program of the new FDP ?

[Answer] It is certainly an accident to some extent and then again it may be part of the program because a lot of what I have been referring to will be part of the new economic policy the outlines of which are just beginning to become apparent.

[Question] This year, you submitted your first report on the state of the economy as minister of economics. You took a very optimistic view of things in it. Aren't you worried that you might suffer the same fate as your predecessor Lambsdorff under the socialist-liberal coalition who came up with the wrong figures year after year ?

[Answer] First off, it is incorrect to say that Lambsdorff came up with the wrong figures year after year and secondly, we did not work up these figures all on our own but as part of a whole chorus of forecasters—and in this chorus we were represented in a fairly sotto voce manner.

[Question] There is one vocalist in the cabinet who is singing a completely different tune: Minister of Labor Norbert Blum. As far as his area of responsibility is concerned, he is proceeding on the basis of more pessimistic estimates than you are—a unique occurrence in the history of the FRG.

[Answer] Not exactly.

[Question] Hoppe, a member of your own party, called it "double book-keeping in government operations."

[Answer] Now wait a minute. That is not entirely correct because in our annual economic report we go by round figures.

[Question] But that is not where the difference lies.

[Answer] Well then: where does it lie ?

[Question] Bluemm, for example, is going on the assumption that wages will rise by three percent this year; whereas you are figuring on 3.5 percent.

[Answer] But that proves what I am saying.

[Question] One-half of one percent is just a question of round figures ?

[Answer] The figures contained in the annual economic report are a forecast of probable developments. Bluem's figures are more exact, if only because every percentage point represents vast sums of money.

[Question] The aid program for pension insurance, which you helped adopt, which calls for an increase in contributions and the health benefits deductible as well as budget subsidies is not based on your projections but on Bluem's. By your way of figuring the shortfall in pension insurance would not have occurred at all.

[Answer] Since the pension insurance program reform is likely to be more successful, if based on more pessimistic estimates, I felt that this was the obvious way to go about it. I did not force anyone to stick to the figures contained in the annual economic report.

[Question] It would be nice if things turned out the way you say. But Bluem apparently does not believe it.

[Answer] That is part of the problem with believers: they do not believe strongly enough.

[Question] The upshot of the pension aid package is that social insurance contributions will go up this year—contrary to the coalition agreement that taxes would not rise and contrary to the wishes of your party. Some of your party friends accuse you of not having put up enough of a fight on this issue. Is that true ?

[Answer] I am not enthused about this compromise which includes the rise in contributions; but it was unavoidable. But not only the employer and employee contributions will be rising; the finance minister is also making a DM 1.5 billion contribution. And for another thing—which seems particularly important to me from the FDP point of view—we are raising the retiree contribution to the health insurance program to 5.9 percent; and that, to me, is an acceptable figure.

[Question] One of the primary preconditions for a successful showing of the FDP in the next Bundestag elections is a favorable economic situation. In 1987, the year the election takes place, we would be in the fifth year of an economic recovery; but it seems rather improbable that the cycle would continue for that length of time.

[Answer] A real GNP growth rate of 2.5 percent or a bit more could easily provide the basis for a longer lasting recovery.

[Question] But that will not suffice to solve the job situation.

[Answer] I never said that we can thereby achieve significant improvements on the job market; but I do believe it would help us turn the situation around. Unemployment will decline.

[Question] In former times, when terms like "economic program" were not dirty words, government was in a position to go on the record with activist pronouncements. What are you going to do, if the economy falls apart—at a time of high unemployment?

[Answer] It is not going to fall apart, nor have we reached the end of our economic policy options.

[Question] In other words, you are pregnant with hope that the FDP and the minister of economics will be able to achieve success?

[Answer] It is not that I am pregnant—even if I look as though I were. Let us just say that I am full of optimism.

[Question] The Young Liberals, your own youth organization, is worried that the FDP is turning into a lobby for industry.

[Answer] They are being unfair to the party. The much maligned manifesto took account of one of their demands. It includes a call for an ecological market economy.

[Question] That is just on paper.

[Answer] That is not the kind of thing that can be realized overnight; but we also included that concept in the annual economic report. Catalytic converters in automobiles are one more example of the ecological market economy in action.

[Question] Interior Minister Zimmermann left you dangling on that one. He wanted to go it alone on a national basis; he was not about to go through the cumbersome European consensus process.

[Answer] You are a hopeless case. You first come up with images and then you can no longer get free of them. You live in a world of imagery you yourself create and, what is more, you even believe in it. Let me tell you what the real story is. We want to use tax incentives to get car buyers to shop for environmentally safe cars and thereby get the automobile industry to offer this type of vehicle in a competition for the best

combustion-type car. Now that is the ecological market economy in action. If we had gone it alone nationally, we would have run afoul of the European Supreme Court.

[Question] There are different legal opinions on that within your government.

[Answer] Since I am a lawyer myself, I know that there always are different legal opinions.

[Question] What you are saying then is that this is a political decision. Now you could have reached a different decision of course and the real question is how credible an environmental protectionist someone is who takes refuge behind legal considerations.

[Answer] I am not. I just told you that I came out in favor of a market economy solution of this environmental problem based on my own convictions. I believe that such reasonable solutions are now being accepted by a steadily growing number of young people.

[Question] How do you figure that? The polls show that the FDP is just about at the zero level among young people.

[Answer] Many young voters are saying that the clamor of the left, the formulas and the stereotyped opinions they are presented with no longer satisfy. Instead they want to get at the facts.

[Question] The pollsters have come up with entirely different findings. Many young people are turning toward material things again and are therefore giving their vote to the CDU again.

[Answer] That indicates that young people are beginning to depart from a general trend. For one thing, they are more related to reality—and that is good for liberal policies. For another—and that is a challenge for us which thus far we have not adequately met—such relatedness to reality needs a program and that constitutes the challenge to the FDP for the future.

[Question] On the one hand you are talking about an ecological market economy but when the issue is catalytic converters in automobiles you call that "hysterical agitation." How do these two positions get reconciled?

[Answer] I am opposed to hysterical reactions to challenges on general principle and that includes environmental policy, too.

[Question] Do you consider it hysterical to worry because our forests are dying?

[Answer] Even if it is true that 50 percent of our forests are sick, then there is no point in getting hysterical. Then one must simply tackle the problem and solve it.

[Question] At one time, the FDP thought of itself as the driving force for social development. Do you intend to leave that role entirely to the Greens ?

[Answer] I am not disputing that the FDP must be the driving force for social and political change—and that goes for 1985, too. Our problem during the past several years was that we did not act that part enough. But there is no point in our wanting to be greener than the Greens. The Greens not only have a fundamentalist aspect to them; when you get right down to it they are a computer movement. A computer can only respond by saying yes or no. That is a major drawback in comparison with the human brain. And that is why the FDP is not a green party because these simple yes-or-no answers are extremely dangerous.

[Question] The Greens dig up problems and the old-style politicians just stand there saying that these are utopian ideas and that they are hysterical. That is the way people talk who want to put the brakes on things and not people intent on promoting progress.

[Answer] If we do not propose very concrete, practical solutions, the impression might arise...

[Question] Or if you call the Greens scatterbrains interested in building mudhuts instead of high-rises.

[Answer] I did not put it this way. The Greens themselves said that.

[Question] In their program, the Greens call for architecture which is "friendly to human beings" instead of high-rises. Are you opposed to that ?

[Answer] I hope I am not the kind of person who is incapable of coming up with a political analysis; but you know perfectly well that people in political life must make statements which translate well into images. That is what Luther managed to do in his translation of the Bible into German. Even at the risk of your quoting this back to me at some later date let me say that this simply has to be done in political life.

[Question] But that is the old accepted style. You wanted to introduce a new style.

[Answer] Let me give you another example. If the Greens had their way, the Ford plants would be closed. Instead, decentralized bicycle plants would be established—one in each section of a city. I beg your pardon but when I stop to think that the Greens achieve double-digit figures in some polls

by making statements of this type, then their ideas obviously are not circulated widely enough. Which is another way of saying that they should be circulated. I, at any rate, refuse to believe that the voters really want things like that.

[Question] By spreading the word in this manner you will hardly frighten any Green voters away.

[Answer] Tell me: do you vote for the Greens ?

[Question] We do not have to get into that, do we ? Let us ask you another instead: the not quite conformist social liberals in the FDP—are they compatible with the Bangemann party image ?

[Answer] By all means. I think that I personally have a very good relationship with those who are generally referred to as the left wing of the FDP—people such as Baum, Hirsch and Lueder.

[Question] It is hard to tell.

[Answer] Maybe you have not noticed. I felt that there was a fundamental difference between me and someone like Helga Schuchardt for instance—which was one of the reasons, incidentally, why I broke with the left wing of the FDP. I am perfectly willing to say that openly. I always had the feeling that the liberal views of these people were not solid enough to weather a crisis. And it turned out that way in the end, too. Ms Schuchardt did quit the FDP.

[Question] But now there are others, who are still inside the FDP—like Hildegard Hamm-Bruecher for example.

[Answer] Ideologically Ms Hamm-Bruecher certainly is not part of the left wing. I think she stands for something different which must continue to characterize FDP ideology. She stands for a fighting kind of individuality. One could also put it differently: dissidents are in demand—particularly within the ranks of a liberal party.

[Question] This is a trait which is not entirely alien to you either.

[Answer] Quite so—and that is why I have no problems at all with Ms Hamm-Bruecher's position because I know what she means.

[Question] She is opposed to the coalition switch and like some others now feels she has been quarantined. Do the former dissidents disturb the image of FDP unity ?

[Answer] No. If it is not possible to take a variety of stands inside a liberal party without being punished for it or "frozen out," as Ms Hamm-Bruecher has put it, then we would no longer be a liberal party.

[Question] What are you doing in order to get rid of this impression ?

[Answer] I can only do what I have done in this instance: try and correct the image. The FDP has always attracted three different groups of voters: those who consistently voted liberal; those who are called functional voters and who wanted to have the FDP join a particular coalition and finally those who voted for the FDP on the strength of some programmatic statement or some specific practical policy. Let us assume that high-earning SPLEGGEL editors—even if they previously voted for the Greens—hit upon the idea to vote for the FDP on the basis of its opposition to the jealousy tax...

[Question] That is a rather odd assumption.

[Answer] Now none of these groups can reach the 5-percent threshold by itself—which means that we cannot stop trying to attract these three groups of voters.

[Question] But there are different levels of enthusiasm. The classic liberals, those protectors of the rule of law, are still around but they just trudge along beside the main body of the party caravan.

[Answer] This impression would be disastrous for the FDP, if it continued to exist for any length of time. At the moment, it is being overstated as though these were the very people who were opposed to the coalition switch. There are two problem areas overlapping here and this has to be resolved. One must tell the whole party that a liberal party which does not stand for liberal justice; which does not have a minority policy and does not protect the individual is a liberal party no longer.

[Question] Mr Bangemann, you are Lambsdorff's successor as economics minister and Genscher was your predecessor in the job of FDP chairman. Both men did not cede their posts of their own free will entirely. May we now look forward to a whole series of titanic battles ?

[Answer] No. That will not happen. Of course it is never very simple for the predecessor or the successor to work things out; but I think that is possible with both of these men: with Lambsdorff and with Genscher.

[Question] "If we do not sing our own praises, who will do it for us," Genscher once said. Is that something of a legacy for you ?

[Answer] I will stick to what my grandmother once told me: Boy, she said, if nobody else will praise you, then you have to do it yourself.

[Question] Mr Minister, we thank you for the interview.

9478

CSO: 3620/280

POLITICAL

FEDERAL REPUBLIC OF GERMANY

OFFICIAL RESPONSE TO GDR'S ELBE BORDER DEMANDS NOTED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 2 Mar 85 p 6

[Article by Claus-Winar Langen datelined Muenchen 1 Mar 85: "Honecker's Gera Demands Depend on the Course of the Border"]

[Text] For the first time since entering into discussions with the GDR regarding the Elbe boundary line more than 10 years ago the Bonn delegation, according to well-informed sources, officially informed the GDR of the FRG's legal position at the latest meeting of the joint border commission in Gera. That position is that the demarcation line separating the two German states in the Schnackenburg-Lauenburg sector should run along the northeastern shore of the river for a length of 95.7 kilometers.

That position is said to have been part of a statement of several pages which had been coordinated with Lower Saxony Minister President Albrecht and in which the Bonn delegation expressed its willingness to resume the talks with the GDR on the boundary line which were broken off in November 1978. The GDR agreed. Sources in the Bavarian state chancery say that some details were already discussed at the Gera meeting. When asked, State Secretary Haessengier of the Lower Saxony ministry for federal affairs stated that Lower Saxony's position had prevailed vis-a-vis the federal government. Minister President Albrecht, he said, was not ready to compromise on this issue. The head of the Bonn delegation is said to have had "no room to maneuver" which might have allowed him to deviate from the northeastern shore boundary position.

The West German policy statement made in Gera touches upon the legal status demands voiced by GDR council of state chairman and SED general secretary Honecker in his Gera speech of 15 October 1980 in their entirety. Honecker's position is that an agreement should be reached on drawing "the Elbe boundary line according to the principles of international law." This, in turn, would alter the special legal status of the border line running from the Bay of Lubeck to the FRG-CSSR frontier at Hof. By moving the demarcation line from the northeastern shore of the Elbe to the middle of the ship channel or the middle of the river, a boundary line would be created which would divide the FRG and the GDR

into two entirely separate nations. This would perforce result in the fulfillment of [Honecker's] other German demands—such as the recognition of GDR citizenship, the exchange of ambassadors and, along with it, the transformation of the permanent missions into bona fide embassies.

Analogous to the Oder and the Neisse, the GDR would have the Elbe converted from a mere line of demarcation into a regular "national border" in the true international sense. In the case of the Elbe, the GDR wants to move the line from the northeastern shore to the middle of the shipping channel or the middle of the river; but in the treaty between the GDR and Poland governing "legal relations along the common national border" of 28 October 1969 and dealing with the Oder and Neisse rivers, the line was moved from the western shore into these rivers and drawn accordingly. The treaty language states that the boundary line along navigable waters runs "as a straight, broken or meandering moving line in the middle of the main stream (downriver) and along non-navigable waters in the middle of such waters or the middle of the main arm."

This cannot be done along the Elbe demarcation line—primarily because it would run counter to existing agreements between the FRG and the GDR. The boundary line between the two German states runs along the demarcation fixed by the victorious powers. It is a matter of course that the demarcation line along the Elbe was determined by the position of the Russians and the British in this sector. The "Vienna convention on the right of treaties," recognized as part of common international law, specifies that the compliance with treaties also depends on "any subsequent practices" which "give expression to agreement among the signatories with regard to their application."

Along the Elbe, the British exercised sole occupation authority and territorial sovereignty. The members of the border commission—and this applies to the Bonn officials in particular—were remiss in their duty in not consulting with local residents willing to provide information on British procedures and practices along the river. The "declaration on fact-finding" contained in the Basic Treaty calls for an "on the spot" examination. In cases of boundary disputes, higher Western courts always assigned special weight to witness testimony. Clearly, the GDR would now like to create the impression that it wishes to adhere to the legal situation established by the then occupation powers as regards the Elbe boundary line in the Schnackenburg-Lauenburg sector—whereas in 1947 it referred to it as imposing a restriction to its "elbow room." In actual fact, however, the GDR demand for moving the Elbe boundary line represents a departure from the agreement between the occupation powers which the Basic Treaty designated as the formula to be followed by the border commission. From a legal point of view, the demand is of an aggressive nature—which is reinforced by the continuation of the GDR regime along the Elbe border.

For another thing, the GDR's Elbe border demands touch upon paragraph 3 of the Basic Treaty which underscores the inviolability of the "existing borders" between the FRG and the GDR but not the inviolability of a boundary line drawn by the victorious powers. The question on the other hand is which boundary line along the Elbe (middle of the river, middle of the shipping lane or northeastern shore) may be considered inviolable provided the two states cannot reach an agreement. Any guarantee of inviolability should be conditional on agreement on the actual position of the boundary line. The FRG legal position is that it would be possible at any time to base the inviolability of the Elbe border on the northeastern shore demarcation line but not on one running along the middle of the river or the middle of the downriver shipping lane. The military, for example, does not orient itself on treaty texts but on exact demarcation lines drawn on maps. Even today, the British base their military thinking on an operational and security line on communication lines running along the markers on the northeastern shore of the Elbe.

If the FRG government is serious with regard to its legal position concerning the northeastern shore boundary line, it must make every effort to get the GDR to agree to this line. Was it not the CDU and the CSU which asked that "all tendencies be opposed which pressure for a removal of the international signs of the impermanence of the division imposed upon our people?"

94/78

CSO: 3620/234

POLITICAL

FINLAND

GREENS' POTENTIAL ROLE IN POLITICS VIEWED

Helsinki HELSINGIN SANOMAT in Finnish 11 Feb 85 p 2

/Editorial: "The Green Idea-stew"/

/Text/ Tens of green delegates and hundreds of committee members have begun their work. What pushes them off into action, what do they want? Some interesting answers can be found in the "green discussions" of Social Democrats' youth paper.

Involvement in the parliament and in the municipal administrations does not, first of all, mean a division of the green movement into a party and external activities. Many still want to continue "supported by consciousness" and to avoid hasty organization.

The movement is described, undoubtedly rightly, as an "idealistic general store." The central unifying factor is of course the environment, but mixed in is also Steinerism, astrology and Buddhism. Also feminist activists and the handicapped have a central position in starting action.

The green movement continues optimistic concerning its external premises. It believes that nothing can very quickly halt the current technology, nor change it for decades. That is, as long as the technocratic-bureaucratic machines keep grinding on as they are, there will be sufficient support as well.

The contradiction between programs and actions is seen as the traditional parties' greatest sin. On the other hand it is thought that the political machinery wants to effectively cover up the negative side effects of the solutions.

The scattered movement's practical results have been quite limited. However, simply by existing it has softened the surrounding society and the thinking of those governing it. Thus is it easier to influence those in power than to use power oneself?

12688

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POLITICAL

FINLAND

COUNTRY'S LEADING NEWSPAPER ON CHERNENKO, GORBACHEV

Helsinki HELSINGIN SANOMAT in Finnish 12 Mar 85 p 2

[Editorial: "Kremlin Emphasizes Continuity in Transition Period"]

[Text] The Soviet Union has lost its third leader within a 2-year period: in November 1982 Leonid Brezhnev, February 1984 his successor Yuriy Andropov, and now Konstantin Chernenko. Brezhnev was absent from public functions from time to time in the last few years of his term in office, which turned out to be quite long, while both of his successors were in poor health upon their ascendancy to power.

In many countries such a turnover and incapacity in the highest leadership of a nation would, of course, be considered as a serious detriment to the country's domestic and international position and would place questionable value on assurances of continuity with respect to its political course. In the Soviet Union they have been able to minimize such problems amazingly well if not even completely avoid them.

Continuity and consistency are those key words which Moscow has always endeavored to emphasize in domestic as well as foreign policy. Because of its super power position, the continuity and predictability of the Soviet Union's foreign policy is particularly important from the point of view of the international community. In spite of the changes in leadership in recent times, there has been no justifiable reason to make the Soviet Union's assurances questionable. Foreign Minister Andrey Gromyko, who has been in his post continuously since 1957, is a symbol of continuity.

Outside speculations about the Kremlin's internal power struggle were discredited in connection with the deaths of Brezhnev as well as Andropov. A unanimous agreement was immediately reached on the successor both times -- and had apparently been accomplished in advance. The announcement of the immediate selection of the party's number two man, 54-year old Mikhail Gorbachev, already on Monday indicated that a unanimous decision had been reached on the matter in advance. Thus the Soviet Union had a new leader even before foreign guests arrived in Moscow for the funeral.

The Soviet Union's foreign policy continuity in connection with the changes of leadership has manifested itself effectively in relations with Finland also.

President Mauno Koivisto as well as Prime Minister Kalevi Sorsa are among those relatively few foreign statesmen who were invited to the Kremlin during the short terms of Andropov and Chernenko. Both of them confirmed that the Soviet Union places special emphasis on the development of relations with Finland and saw them as exemplary between countries possessing different social systems.

The poor health of the highest leaders and periodic long absences from the public eye, however, became characteristic traits in the Soviet Union for so long that this inevitably caused many kinds of problems for the other super power. Since the latter half of the 1970s the outside world has seen the Soviet Union live through a transition phase colored by an aging Politburo, a phase which only seemed to have no end. The expectations aroused during Andropov's term for moving the stagnant water of society experienced a new setback when Chernenko was elected as his successor. He was seen as representing that very Brezhnev-like social stagnation, from which an attempt was made to enter into a new more dynamic era in connection with the election of Andropov.

Looking back, Chernenko's term remained so short, however, that it is futile to attempt to find a characteristic for it. It is presumably just as incorrect to talk about some special Andropov era. During his 15 months in power there was only time for an arousal of expectations at the most, the results were never seen. They can both be recorded as a continuation of a transition period that began long before.

Gorbachev's election points to the fact that the time is finally ripe for rejuvenation in the country's highest leadership. The time is especially interesting for the reason that preparations are now being made in the country for a party congress to be held at the end of this year or the beginning of next year. A party congress traditionally sets the guidelines for the social and economic development of the next five-year plan and confirms the elections of the central party organs.

10576

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POLITICAL

FINLAND

LIBERAL, CONSERVATIVE NEWSPAPERS EVALUATE MISSILE INCIDENT

Cruise Missile -- Flying Target

Helsinki HELSINGIN SANOMAT in Finnish 9 Feb 85 p 2

/Editorial: "Missile Reportage"/

/Text/ Is a horse still a horse, if someone decides to call it a pulling device? Is a cruise missile still a cruise missile, when it begins to be called "a flying target"?

Finnish Army officials were faced with this type of problem and for political reasons the solution was clear: since the Soviets explained that the missile which had strayed to Finland was a "flying target," the Finns had no business insisting it was something else.

In reality it was an SS-N-3 missile, which can only be described as a tactical cruise missile, that was found at the bottom of lake Inari, be it as it may be that it had been modified for target practice. According to definition, a cruise missile is "a weapons-carrier using its own power, which maintains its flight through aerodynamic lifting power during most of its flight path."

It is a completely different issue that the general public thinks of only the modern Tomahawk-missiles, which find their targets completely independently, and which have been placed by the United States in Western Europe, as cruise missiles. Compared to these weapons, lake Inari's Soviet missile is rather antique, but nevertheless a cruise missile. Still, one should keep in mind that the Soviet Union also has already taken modern cruise missiles of almost Tomahawk quality into use.

The angle of reportage chosen by the Finns is understandable. Although if viewed in narrowly military terms the issue is the straying of a Soviet cruise missile, there is surely no reason to create more drama in the northern sphere to the unmistakable detriment of the Soviet Union.

Helsinki USSI SUOMI in Finnish 4 Feb 85 p 2

/Commentary by Jukka Knuuti: "Ghost-stories About the Missile"/

/Text/ The second and more fruitful stage of the lake Inari missile squabble has started wild rumors around the world. In the beginning of January the matter was passed over out in the world with actually surprisingly little publicity.

The English DAILY EXPRESS, which is not counted among the country's quality newspapers, knew for certain that the missile was a modern cruise missile which had headed to Hamburg because of faulty computer programming. The Soviet Union had quickly taken steps and sent a MiG-25 destroyer to shoot down the runaway. In addition, the matter was reported on through a hotline from the Kremlin to the Pentagon.

To the irritation of the English newspapers, the parts of the missile that have been found indicate that there was nothing to suggest the involvement of a modern cruise missile. The parts better fit SS-N-3 "Shaddock" naval flying target of the 1950's.

Another inaccuracy slipped in too, that a hotline call had gone to the Pentagon. As it happens, the phone on the American side is located in the White House.

The writer of the EXPRESS story seems to have confused the Lake Inari incident with the events in the book by the well-known thriller-writer Graig Thomas, "Firefox Dawn," which came out this year. The fact is, in it a supersecret Soviet MiG-31, which has been stolen by an English agent, falls into lake Inari after being damaged by granades shot at it by a MiG-25.

The United States Defense Secretary Caspar Weinberger, who told his country's Senate's foreign-affairs committee that "the Soviet Union had shot down one of its own missiles a couple of days ago when the missile was enroute to at least Finland," also followed the same vein as the DAILY EXPRESS. Weinberger also held that the event indicated that the Soviet Union had a missile defense system of its own.

The Pentagon representatives were in a hurry to correct their secretary's statements. The officials affirmed that they knew the missile had not been shot down, but had disintegrated on impact with the ground.

Though Caspar Weinberger is the defense secretary of a major power, he does not have to be taken seriously on this matter. It so happens that his information was not quite accurate, for example concerning the schedule of the events. The secretary appeared before the Senate on Thursday of last week, that is, 31 January. His missile shootdown a couple of days before had, however, occurred over a month earlier, that is, on 28 December 1984.

Weinberger's mixups actually confirmed the groundlessness of the English newspaper stories. If Soviet destroyers had followed the missile and if Moscow and Washington had been in contact over the matter, Weinberger would certainly have remembered the dates more accurately.

But since the Americans most likely were snooping into those Soviet naval exercises, they knew exactly what was in question. For that reason the defense secretary was not burdened with any detailed report over one finally harmless misfiring.

12688

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4 April 1985

POLITICAL

FINLAND

CP'S FATE DEPENDS ON ATTITUDE OF MOSCOW ON 'PURGING'

Helsinki UUSI SUOMI in Finnish 23 Feb 85 p 2

[Editorial: "Finnish Communist Party's Quick Renovator"]

[Text] The Finns have sufficient reason for astonishment at the Communists. The endless struggle between the party's majority and minority has been an object-lesson in how organizational democracy can be made to look ridiculous when the regulations are "applied" by hard-handed organizational tacticians.

Indeed, the establishment of parallel organizations in minority-controlled districts by the majority, which now rules the party with complete sovereignty, is a measure that is not well suited to the spirit of party law. But they have functioned on the basis of bitter experiences for nearly 20 years: If the other faction disregards the regulations, it cannot be disciplined either in accordance with the regulations.

Since the party has progressed so far along the lines of a crude restoration, it is strange when Aarno Aitamurto, who has been General Secretary for only a little less than a year, now as the chief executor of this operation announces that he will return to his former post, chairman of the Construction Workers' Union.

Indeed, it is being argued in SKP [Finnish Communist Party] quarters that all is going according to previous plan. Aitamurto will return to the Construction Workers' Union when the SKP's affairs are put in order.

However, the explanation does not seem to be credible. When rather soon after the election of Aitamurto last spring the minority faction began to disseminate information that there is no intent to fill the vacancy left by Aitamurto in the leadership of the Construction Workers' Union, such arguments were rejected as groundless. Then and even later it was confirmed that the union will receive a new chairman in the normal course of events.

Since these rumors were not without basis, neither were those arguments that there were mutual differences between Chairman Arvo Aalto and Aitamurto.

Aitamurto's resignation of the post of general secretary cannot occur according to previous plans. It is not possible that an agreement was reached in

the very beginning that he would only take the job long enough to throw out the minority with the help of the experience gained from the Construction Workers' Union in keeping the Taistoites in line and then return to his former post.

If the minority is smoked out of the party next month, then the most difficult part of the renovator's work is still ahead. How to heal and make the party rank and file functional after a rather serious operation.

The attitude of fraternal organizations toward the SKP's restoration operation is also a big question mark. The most important of the fraternal organizations, the CPSU, indicated during a visit of the SKDL [Finnish People's Democratic League] parliamentary group that there is more support for the minority than the majority in Moscow.

Putting things in order in the party will commence only after conduct within the party is placed on a basis observant of the regulations.

A surprising and sudden change of general secretaries in the middle of the worst chaos of the party's history says that the SKP's crisis is still more profound than what has been apparent to the outside world. Now the SKP as well as the SKDL are seeking new people for its leadership posts from a rather small number of candidates. The situation points to the hard fact that if there is no social acceptance of the ideology of the extreme left wing in present-day Finland, it seems that there will be no crowd of people to promote its ideology.

10576

CSO: 3617/90

POLITICAL

FINLAND

BRIEFS

PRESIDENT POPULAR AFTER DEBATE--The recent dispute between the President of the Republic and the Finnish Broadcasting Company does not seem to have affected the popularity enjoyed by the president. According to a Gallup poll conducted by the Taloustutkimus [Economic Research] Company for MTV's Channel 10 news and two newspapers, 24 percent of Finnish citizens is very satisfied and 58 percent is quite satisfied with the president's performance. Only 10 percent of the respondents stated that they are dissatisfied. Ninety percent of the respondents considered that the dispute was not worth the fuss that was raised. Nevertheless, more than 70 percent of the respondents was of the opinion that the matter could have been handled more delicately. Several also did not want to give any special privileges to the president. The poll was conducted on Thursday just before the resolution of the dispute between the president and the Finnish Broadcasting Company. It was a question of a quick interview, and the number of people interviewed was less than the usual. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 11 Mar 85 p 24] 10576

CSO: 3617/90

POLITICAL

FRANCE

PCF POLITBURO DECLARATION ON ANTI-COMMUNIST ACTIVITY

Paris L'HUMANITE in French 16 Jan 85 p 4

[Text] The communists are fully occupied with preparation for their 25th Congress. In their political cells, sections and federations, wide-ranging, serious, candid discussion is unfolding which has no such parallel in any other French political structure. The draft resolution submitted for discussion invites Communists to courageously draw all possible lessons from the general direction taken over a long period of time, without fearing the most thorough and detailed criticism. And especially, they are invited to look towards the future, to propose together in unity to the millions of today's worried, disappointed, dissatisfied men, women and young people the new dynamic political outlook, full of fighting spirit that the situation now requires. In instances where it has already been put to a vote, this draft probably because it offers the only worthwhile alternative - generally meets with overwhelming and enriching approval. Thus we see conditions being created for a great congress, opening the way to a new burst of activity on the part of the communists in the service of the country.

The adherents of capitalism in crisis are deeply disappointed by this situation, and cannot bring themselves to accept it. Following the many manoeuvres and provocations built up for months past, they indulge in brainwashing operations the character of which is absurd as it is odious.

The Politburo had foreseen this unremitting effort and had alerted the communists to it.

Today, it repeats its expression of indignation and contempt when confronted by all the anti-communist aggressions aimed at the Party and its leadership. It affirms its total solidarity with the Secretary-General of the Party, who has been the selected target for an absolute man-hunt which reminds us of the worst campaigns levelled against the worker leaders and progressive leaders of our nation which have marked our country's history.

We are very well acquainted with the traditions of the French bourgeoisie in this matter. In its desire to crush the popular revolutionary movement, to destroy all opposing forces, to instigate crimes and even wars, it has never shrunk from any available means: false statements, slander, provocation, manipulation, the campaign of hate and violence. But although these

activities have struck first at the revolutionaries, the communists and their leaders, they have never been without consequences for the other progressive forces and for democracy.

Today, all these repulsive procedures are back on the agenda. They are growing in intensity in industry and are levelled at those who refuse to go along with lay-offs and closings. And against those who deplore social regression and the questioning of rights and liberties. They are spreading throughout our social and political life where brutality and cynicism are becoming prime virtues. These are the exploits of the holders of wealth and their political representatives. But, particularly in the case of operations directed against the Communist Party and its leaders, using methods which are close to those of psychological warfare, we cannot hide the fact that such operations could not be conducted with such powerful means outside of the Socialist Party, whose representatives are in control of the state and have vested powers in the media.

The Politburo stresses the need to keep its guard up against the degradation of French political life. It alerts all democrats to the serious consequences which can follow from this. It is certain that with their help the communists will parry with a suitable and ready answer.

Against those champions of a decadent system which tramples under foot all human values and places the triumph of money above everything else, the communists and their leaders have only the weapons of honesty, frankness, conviction, fraternity, self-respect, respect for others. They believe in the strength of those weapons, especially in our time and in a country such as ours. The Politburo is convinced that, in this spirit, with determination and calm, the communists will confront those new operations which will certainly develop. They will avoid the snares of sinking or withdrawal which will be set for them and they will continue their debate on the deep-seated problems of the country. Thus they will achieve a Congress which will present the image of a Party, standing tall, open and ready to fight, at the disposal of all those men and women who want to band together to write a new page of progress for France.

12687

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POLITICAL

FRANCE

GAYSSOT ON PCF, ECONOMIC, POLITICAL ISSUES

Paris REVOLUTION in French 4 Jan 85 pp 14-15

[Interview with Jean-Claude Gayssot, member of the PCF political bureau, by Gilbert Wasserman: "The Ambition to Rally"; date and place not specified]

[Text] A new rally of a majority of the people, each of these terms could be the subject of a debate. It has now become a major political necessity for our country, which must face a deep-reaching structural crisis that is increasingly felt in the economic and social domains. And it is also the safest guarantee of democracy. Jean-Claude Gayssot, member of the political bureau of the French Communist Party, answered our questions.

[Question] In preparing their congress, the communists are debating what they call the new rally of a majority of the people. What is it exactly? Another slogan? A rally with whom, how and to do what?

[Answer] It is certainly not a slogan. It is a major political initiative. We are proposing a rally of all those who, considering the present situation of the country, want to do something to promote solutions, to solve problems when and where they arise. The rally we want to organize is neither a gimmick nor a stage, but the political way to get out of the crisis and progress toward the construction of socialism. It is an ambitious goal, that is true, but a necessary one. Otherwise, unemployment and problems will get worse. Then, with whom? With "all the forces of labor and creation, in clarity and efficiency." Those concerned are all those who are confronting the crisis in each of its dimensions and who want to do something. Which means that, a priori, divisions and labels are out of place here.

[Question] For instance?

[Answer] Take a business. We consider that we must attempt to rally all the employees, as they are, to work at identifying and implementing solutions in order to promote employment and renewed effectiveness in that business. Which means that, as far as technicians, engineers and cadres are concerned, we want to go beyond the old alliance approach that was so often seen as a call to rally the working class.

A rally also means new relations between companies or again between the people and business. This is what we are trying to promote, for instance, in the automobile industry, among employees of these companies, but also with the employees of equipment manufacturers, insurance companies as well as with car owners.

[Question] A rally without division, all right, but is that enough to call it new? A formulation like "union of the people of France" already intended to transcend divisions.

[Answer] To understand how new what we are proposing is, you must know what we are rejecting. What we are rejecting is a people's movement whose role would be restricted, limited or deviated by administrative staff agreements, that would hang on hypothetical compromises or alliances, that would do no more than support or verify them. In other words, what we are rejecting is a people's movement that would be considered as a backup force. What we are proposing, on the contrary, is that the people's rally be the motor and the actor of change. This is like night and day compared with the former strategy of union with the Socialist Party around the common program. This being said, our new strategy, its preparation, are nothing new. We have been working at it, in particular since the 22nd congress. But older concepts have continued to predominate in the movement and, in our own activity, have also clashed with progress.

In addition, the rally is also new through its role and content. As a party, we want to promote anti-crisis solutions.

[Question] But what are anti-crisis solutions? Is there no other risk involved than that of restricting the action of the Communist Party to a terrain that somewhat belongs to unions? In other words, is it even possible to make a rally against the economic crisis? Must it not also be given a positive prospect based on a project of society?

[Answer] The crisis is not just economic. It affects all domains of life and society. We want to have an impact on all these dimensions. As far as the union movement is concerned, it has its own indispensable role. As such, struggles in support of union claims are not external, foreign to the people's movement, but they do not express its full dimension. As far as we are concerned, as a political party, we want to go beyond union claims and make a new effort to account for causes and look for solutions, to get things going. And we want to do that as part of our struggle for the project of society that we want to build: socialism the French way.

The rally is our political way of progressing in the construction of the new society.

This is a political prospect that we are opening. A young comrade at the French Electricity Company was telling me recently: "With our new strategy, we will at last bring the hope of socialism closer." I believe he is right.

Especially since the answer to the crisis of capitalistic society is, already now, the socialism we want to build. And this crisis does not develop independently of the structures, decisions and mentalities which feed and increase it daily: capitalistic management.

[Question] Certainly, but many view socialism rather as something distant. People are asking for immediate solutions.

[Answer] Obviously. This is also what we are proposing: to act immediately to find instant solutions. This is not a contradiction. Take two decisive problems: employment and democracy. Socialism the French way, that means full employment and ever more democracy, ever more freedom. This is our project of society. Each material struggle, each rally to protect and create jobs, in each business, in each useful department, is an answer to immediate problems and is quite in line with our project. The same is true of struggles to increase the rights of workers, of the people, their liberties. To refuse the policy of the accomplished fact, to intervene right away in the management of business, is the first step toward ensuring that new management methods and criteria will prevail, and it is in line with our project since, for us, democracy is at the heart of socialism, since it is both the end and the means to that end.

[Question] But is there not an apparent discrepancy between the ambition of this approach and the actual ability of the Communist Party to carry it out today?

[Answer] If our country and the people's movement are experiencing problems, it is not because of what we want to do. The worst mistake would be to say that the old strategy based on the common program did not work, so let us start all over again. This is not what we are proposing at the 25th Congress, but to confirm and intensify our political orientation already prepared at the 22nd, 23rd and 24th Congresses.

Certainly, our party is emerging weakened from this historical period, but not only does it represent a force that counts, and I believe it is easier for us to show today that it is the only political force that proposes to fight the crisis, that rejects fatalism and stands up for hope. [as published]

A page has just been turned. With a right-wing or with a socialist government, austerity remains austerity; injustice or unemployment remain problems, tragedies for the people. Illusions concerning the Socialist Party, which we have ourselves contributed to feed, may be dissipated.

[Question] The experiment does not seem to be sufficient in itself. The French appear above all to prepare for a new experiment with the right. It could go on like that for a long time.

[Answer] Of course, we can always be content with experimenting. We must think, have the courage to draw lessons: this is what we plan to do. When the people's own experience contributes to support our analysis, it can only be helpful.

Since 1981, in spite of initial progress, the crisis and problems have become worse. If the experiment will help make it clear that the people's movement cannot rely on others, for the simple reason that capitalist decisions must be challenged if the people's problems are to be solved, then the situation is entirely different.

It is true to prevent the return of the right. Its return is not inevitable and we are doing and shall do all we can to stand in its way. But it is not through rhetoric--even from the "left"--that we can oppose the right. It is neither by getting uptight nor by loosening up. All this is politicians' politics. It will take material action to challenge capitalism, its decisions and management. We are rejecting the false dilemma that would consist, in the name of the struggle against the right, in approving a policy which basically paves the road for it.

[Question] Certainly; all the same, there is today a danger of the return of a right wing that will not accept a simple alternation, but wants to implement a highly regressive conservative project. Is there not also a risk that the Socialist Party will take advantage of this situation to appear to left-wing voters as, after all, the only way to avoid the right?

[Answer] It is probably because of that that centrist voters are not looking toward its side, that it uses again a left-wing language.

[Question] But the danger still exists, and the right has a project.

[Answer] Let's get to the bottom of things. Why does this danger exist? Because the socialist government is implementing a policy that strengthens and ultimately feeds the ambitions of the right by fueling the people's disappointment and discontent and bowing to the demands of financial profitability of capital. It would therefore be absurd not to challenge the causes that promote the chances of a reaction. This is what we are doing; the rally we want to achieve is a decisive contribution against the right, its return and its program. Let's take the example of nationalizations. The right-wing parties are planning to denationalize. The best way to make sure they can do just that is to change nothing in their present management, which is practically identical to that of large private businessmen.

We are calling for a struggle to promote other solutions than those which, in businesses or in the government, are pushing us further into the crisis. To join with those concerned to tackle actual problems and overcome them, to reduce unemployment, injustice, inequality, privileges...; this is a new conception of being in politics and preventing returns to the past.

[Question] While we are talking about political prospects: there is still a phrase that is now seldom used by the communists, that of government party. Certainly, the French Communist Party is no longer in the government, but it is possible to be a government party without being in the government.

[Answer] Let me make this clear. Our objective is socialism. This means that our participation, the working class's and the people's participation

in managing national affairs and running the State is an integral part of our approach. If we did not stay in the government, it was precisely because workers no longer had any power in it. The idea of communist participation in the government is not thrown back into question, but it is related to the level and scope of the people's movement itself. The objective of the people's rally, its innovating role, is to integrate the struggle for additional decisions and powers. Basically, if I could imagine such a thing, I would say that we are proposing that the people's movement should conquer the State on the terrain, from all sides, the better to conquer it at the highest level. The most determining factor is to struggle for the rally and win favorable positions and decisions against the crisis.

[Question] The rally also intends not to shut itself up in the word "left." But is it really possible to transcend the notion of left? The left is a whole history, a culture, values that structure national life to a large extent.

[Answer] Indeed, with the old strategy the movement was not only limited in its content, but also in its scope, as it was frozen on the Communist Party-Socialist Party summit agreement. The rally was shut in; we are proposing to give it fresh air, to make it breathe so to speak. The rally is the decisive factor. That, as we said in the draft resolution, does not exclude agreements between parties at certain times, but only as one facet of the people's movement.

In this spirit, we are for the union of the left. The values of the left? Of course; we are not about to deny that, in many minds, there is a correspondence between the word "left" and ideas of progress. And we ourselves have nurtured this correspondence.

But let's take a closer look at it. If we talk about the struggle against colonial wars, if we talk about the struggle against unemployment, to mention only these two issues, it is plain to see that there is a more complex correspondence.

More than ever, the decisive issue--also to give life to left-wing values--is what is being done. Any reduction of politics to administrative staff and left-right rhetoric, can only encourage rejection of politics. This is why the rally we are proposing represents another relation of our activity to the movement, another way of being in politics.

[Question] There is a need for another way of being in politics, but bringing the French to have another idea of politics is not something that can be done overnight. The French may be wishing for new political practices, but they are not yet looming high in their minds. Are you not running the risk of being too far ahead, of excluding yourself, in a way, from the "political game," insofar as people continue to perceive it as a game?

[Answer] We are not excluding ourselves from the game; we want to change it. Of course, we should delude ourselves and believe that this new way of being in politics will be adopted by a majority overnight. A massive exclusion of the people from political life is precisely what we have nowadays.

Disappointment, discontent, bipolarization and, to a certain extent, the idea that "they are all the same," this is what basically excludes people from the "political game" as you call it, and turns into the massive abstention of working-class voters at each election.

The idea of inevitability, too, is a dangerous idea which excludes people from the political life because it excludes choices.

When we say to the people: let's see together how we can solve the problems of the company, the district or the country, by proposing new solutions to get out of the crisis, what we want is to open to the people, to the young, a more effective and more enthusiastic approach to getting into politics.

All simplification set aside, the goal of our project is to not oppose politics and its content, the electoral momentum and the people's movement. But one thing is certain, struggle--its content, its scope--is and will always be the determining factor in modifying the balance of power.

[Question] Can we really say that there are new characteristics in today's struggles?

[Answer] Let's be frank. What still predominates is discouragement and disappointment. But it is true that things are moving. The recent defeat of the National Council of French Employers on the issue of flexibility illustrates this. There are also struggles, many more and a lot tougher. More united struggles in that, more often, the participation of technicians, cadres and engineers helps in identifying solutions and modifying the balance of power.

The role of communists--elected officials, L'HUMANITE--can also be perceived more clearly; we saw it with Creusot-Loire, Ducellier, Technip, in the automobile industry and in many other current conflicts.

Our thinking, in the context of the preparation of the 25th Congress, can only be enriched by relating to material problems and incipient struggles. The new rally of a majority of the people that must be achieved will be fueled by each of these struggles.

9294

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POLITICAL

GREECE

COMMENTS ON KARAMANLIS' DEPARTURE FROM POLITICAL SCENE

Now or 1990

Athens KYRIAKATI KI ELEVTHEROTYPIA in Greek 10 Mar 85 p 9

/Text/ "Karamanlis cannot be a candidate in the spring of 1990. So, what will happen? Will Greece founder? Or must we borrow a president from some German house?"

These were doubts expressed the other day by a militant KKE member to the newspaper column, doubts that nevertheless reflect, even so simply, the more general doubts of public opinion regardless of positions held (or are presumed to be held) by each citizen on the issue of the election of the president of the republic.

Regardless of what yesterday's decision by the PASOK Central Committee was, the essence of the doubts expressed by the communist still hold: After Karamanlis, what?

And this question, whether in 1990 or on 15 March 1985 or in the interim, will be urgently faced and, of course, will inevitably demand an immediate answer. This is so because with the fierceness with which the issue of the selection of a presidential candidate has been played out recently, the Greek people feel that somewhere or other the other end of the story has been lost.

- Does our democratic development perhaps depend so much on one and only individual?
- If K. Karamanlis' reelection to the presidency is so necessary, then what will await us if (this individual) were to disappear from the political scene?
- If the given conditions and the evident correlation of forces require the selection of K. Karamanlis today, for what reason and in what way will they have changed in 1990 so that Greece would be able "to do" without Karamanlis?

Costs to PASOK

Athens ETHNOS TIS KYRIAKIS in Greek 10 Mar 85 p 6

/Article by Despoina Mavrogenis/

/Text/ Whatever is not said in the Chamber of Deputies' assembly hall is heard in the deputies' meeting rooms. It suffices that one have.....a big ear. So, at a get-together of 15 PASOK deputies last week, Minister of Interior M. Koutsogiorgas met with Mr I. Khatzoplakis, a deputy of the movement from Karditsa and also a staunchly anti-Karamanlis man.

M. Koutsogiorgas: Hello, how you doing, Ilias?

I. Khatzoplakis: Hello to you, big old minister!

M. Koutsogiorgas: What's going on?

I. Khatzoplakis: So, finally? Are you going to vote for Karamanlis?

M. Koutsogiorgas: Yes. It can't be otherwise.....

I. Khatzoplakis: Did you figure out the political cost?

M. Koutsogiorgas: We did. And it is no more than "one in a thousand."

I. Khatzoplakis: From whom did you figure it out? From our friends or opponents?

M. Koutsogiorgas: (Laughs).....

I. Khatzoplakis: And immediately after the elections?

M. Koutsogiorgas: Eh, of course...Because otherwise the opposition will start up....

PASOK Cautiousness Stressed

Athens ENA in Greek 14 Mar 85 p 14

/Text/ Many telephone calls were made to pro-government newspapers at noon Saturday by close associates of A. Papandreou for the purpose of having them "headline" anti-Karamanlism in Sunday's editions. They stressed and restressed that it was necessary for Kh. Sartzetakis to be supported without at the same time attacking K. Karamanlis. They justified this attitude with the phrase "wait for 1 or 2 days and we will see how the people react." They bear in mind, of course, that the stock market is closed on the weekend and that the market's pulse would become known at noon Monday.

The second concern of PASOK's leadership was not to give the impression of a "popular front candidate of the Left," in this case Kh. Sartzetakis, but to stress that the supreme court justice is known not to have party affiliations. In other words, the clash might be frontal except that PASOK does not want it popular frontal?

The KKE, however?

Person In the Know

Athens ETHNOS in Greek 11 Mar 85 p 14

[Article by G. Vlakhos]

[Text] It is estimated that only five persons knew Prime Minister and PASOK President Andreas Papandreou's intention to say "No" to Karamanlis and to propose the candidacy of Mr Kh. Sartzetakis. Among them are Messrs Menios Koutsogiorgas, Akis Tsokhatzopoulos, Kostas Laliotis and Giannis Alevras.

The other members of the PASOK Executive Office were informed of the proposal for the candidacy of Sartzetakis on Friday at which time certain small corrections, primarily in phraseology, were made in the introduction that Mr Papandreou had already prepared.

Karamanlis' Future Discussed

Athens TO VIMA in Greek 13 Mar 85 pp 4-5

[Article by Mikhalis K. Dimitriou]

[Text] The big question these days is "what K. Karamanlis intends to do" following his resignation from the presidency of the republic.

Guesses are added to rumors and conjectures ranging from Karamanlis' leaving Greece to his assumption of leadership of the "Democratic General Mobilization" shortly.

Certainly, as every citizen and Mr K. Karamanlis knows, whoever imitates history is condemned to repeat its errors.

From this aspect, Mr K. Karamanlis' hurried departure to Zurich, as was being strongly talked about the other day, would mean that the president had finally abandoned every personal political ambition and that his resignation would be his final act. Nevertheless, from his letter of resignation it appears rather that Mr Karamanlis does not consider as his last act a refusal to take part in "development

It is almost self-evident that Mr Karamanlis does not consider developments as satisfactory but it is doubtful if he would be satisfied as a contemporary Cincinnatus in the pursuit of mere "posthumous fame" like Khar. Trikoupi or El. Venizelos. Mr Karamanlis seems to believe that his resignation is due to the fact that "PASOK did not want me and not the Greek people." Mr Karamanlis is also said to believe that PASOK, with its refusal to chose his candidacy, "preferred narrow party politics to broader factionalism."

It is not important to what extent one shares these views but that they seem to constitute the basis for the main reasoning and future strategy personally for Mr Karamanlis.

One more key-belief of Mr Karamanlis reportedly is that he has up to now been a "balancing and support factor" for the government and PASOK and that with his resignation --that appears to be due to this primary reason-- he disappears as a corresponding support and counterbalance.

In short, Mr Karamanlis (all those who want to appear as his genuine interpreters) believes that the concentration of political power in the hands of PASOK (and with Mr Alevras and with Mr Sartzetakis, if he is elected) will inevitably lead to choices of "political one-way street."

A long period of time has to elapse for this view to be justified --if it is justified. It is thus considered exceptionally improbable that Mr Karamanlis would in the next few days undertake any decisive political initiatives (for example, the establishment of a party or "formation.")

According to the same circles, Mr Karamanlis will "be silent and waiting for" developments, at least until the day of the third balloting in the Chamber of Deputies on 29 March.

The same circles do not rule out the fact, that if published articles "detrimental" to his person should continue, Mr Karamanlis would issue a "message" to the Greek people.

Nevertheless, these circles feel that the most probable development would be a position of waiting and "examination" as well as silence on his intentions that on the one hand increase question marks and stir up the public's interest and on the other hand are felt to create "nervousness."

In case Mr Kh. Sartzetakis is not elected, certain people feel that "the way is opened" for a "second round" with PASOK, with Mr Karamanlis indirectly laying claim to the presidency of the republic (despite evaluations that claim that he has lost this right because of his resignation) as the head or "shadow leader" of an "anti-Marxist party-general mobilization."

However, in case Mr Kh. Sartzetakis is elected, these same circles feel that Mr Karamanlis can seek a decisive reckoning with PASOK.

Theoretically he can but does he want to? Beyond the "cafe" and personal interpretations of the day and talk that he seeks "revenge and posthumous fame," Mr Karamanlis is not considered likely to ever seek in any way a political reckoning on this basis. Not because it would not suit him strictly party-wise or politically-speaking but because politically it would be --they say--a "retraction of the state and institutions that he himself helped create after 1974."

Mr Karamanlis is a "captive" to his same political philosophy for a "calm political atmosphere," for "the existence of balances and the avoidance of divisionary reckonings by the parties that split the people," for the respect of the Constitution

and its processes that --in the final analysis-- PASOK completely respected through its right not to propose Mr Karamanlis' candidacy and through its proposal for the revision of "superpowers."

Besides, Mr Karamanlis was seen in recent years more as a sign "of a general state consent" than as a representative of specific social and political interests. If this, on the one hand, gave him broader popular support, on the other hand it would make especially difficult any endeavor to convert him into a "party leader", indeed when he himself had for years abandoned or removed himself from certain traditional supports of the Right.

Conclusively, any of Mr Karamanlis' intentions in the future depend to what extent he could and want to lead, openly or behind-the-scenes, a very broad (real or imagined) politico-social formation, a "general mobilization," as it is called. Nevertheless, the possibilities for this "general mobilization" being successful election-wise depend directly on two major conditions that do not appear to exist today.

One is the shrinkage of PASOK's political and social scope that, to the contrary, is considered by many as having been upgraded after the latest developments.

The second is that there exists, in a very convincing manner, a spectrum of political and social forces that could be expressed in a "democratic general mobilization" or in a similarly named formation. At this time, however, there is nothing but the ND party and possibly some isolated and named personalities.

U.S., USSR Interest Discussed

Athens ENA in Greek 14 Mar 85 p 9

/Text/ The "File on Greece" is an open one and is being examined "on a first priority basis" by the State Department and the Soviet Ministry of Foreign Affairs.

The interest of the two superpowers in our country that was natural after the 1981 government change reached a climax in the past few days with the sudden and unexpected development with regard to the presidential election. Diplomatic circles in Athens, who are in a position to know matters, confirm that all reports going out from the Greek capital analyzed the situation and prospects on the basis of the "certain factor," namely the reelection of K. Karamanlis.

The greatest victim of the prime minister's "turnabout" was the American ambassador who was literally thunderstruck by the events of last Friday. Monteagle Stearns was in Washington exerting one last effort to convince the American Government that Andreas is not "what he says but what he does."

And this time he had two "strong cards" in his hand. The first was the "purchase of the century" that was announced some 10 days ago. The second and stronger one was the "expected" reelection of K. Karamanlis to the presidency of the Greek republic. The conclusion: (a) Andreas consolidates his position in the ranks of the Western alliance, increasing Greece's economic and defense dependence on the West; and (b) Karamanlis' reelection constituted the greatest guarantee that the firm

position of Greek domestic policy is not scheduled to change, at least until May 1990. Of course, Mr Stearns knew that his arguments were going to be evaluated together with other data and views that had been brought together in Washington by sources that his embassy does not control. Indeed, many times in the past the embassy was not even the vehicle for certain American "initiatives," the latter being connected more with the Pentagon or the secret services. Mr Stearns must also have known that the name "Karamanlis" was not at all pleasing to those elements outside of politics that contribute decisively to the shaping of Washington's policy. Nevertheless, the events of last Friday literally pulled the rug from under Monteagle Stearns' feet who in the space of 1 day changed from a witness for the defense to the accused.

Stearns had been called back to the American capital to reexamine and redefine the United States' relations with Greece. The focal point of the discussions was Greece's trustworthiness as an ally. Talk about "alternative solutions" or "the transfer of bases" to Turkey in 1988 in case A. Papandreou were reelected that had been "leaked" to the American press over the past few weeks was not at all fortuitous. Nor, of course, could the purchase of 40 F-16 aircraft balance out A. Papandreou's "peaceful initiatives" or the disappointment and questions that the thwarting of a solution to the Cyprus issue caused in Washington.

Now, after A. Papandreou's sudden move on the issue of the presidential election, the examination of the "Greek file" takes on critical importance, while it is natural that a feeling of urgency is being lent to the final shaping of the American stance. All of this, of course, is not unknown to Moscow nor is the Soviet Ministry of Foreign Affairs waiting for the development of the presidential issue to turn its attention to Greece.

Important foreign diplomats in Athens had already noted an impressive upgrading of Soviet interest following the 1981 governmental change.

This upgrading was manifested first of all by the assignment of Igor Andropov to the embassy. He is considered among the top cadres of the Soviet diplomatic service. Secondly, the same diplomats adopt and repeat all that has recently been published in the western press. Namely, that our country constitutes, on an international level, one of the most important centers where Soviet disinformation efforts are being developed.

Foreign diplomats note that both the assignment of Andropov and the reviving of Soviet propaganda with Athens being the focal point are disproportionate actions in relation to the limited geopolitical importance that Moscow placed on Greece up to now.

Moreover, this major Soviet interest is causing more problems for western diplomats because it is being manifested for the first time in a country that belongs to the western defense alliance and consequently constitutes a "firm" element of world balance. What is the reason, therefore, for the USSR's "overlooking" the strict political specifications of the Yalta Agreement that in every other instance it has supported with religious fanaticism? Perhaps Soviet interest has some correlation with the downgrading of American interest?

Foreign diplomats who are asking these questions believe that following last week's developments the answers will very shortly be forthcoming....

Awaiting Karamanlis' Last Word

Athens MESIMVRINI in Greek 12 Mar 85 p 8

/Excerpt/ "Ode To Joy"

A few hours after Karamanlis' hasty resignation with his implied statement that he no longer wants to cooperate in any of PASOK's actions or those of its irresponsible leader, spirits from this side and from that side are quite exacerbated to an extent where they accept the most absurd interpretations or are subject to the most extreme reactions.

It is, nevertheless, a fact that one side does not consent considering the role of New Democracy's founder as complete or final. Precisely, it believes that the heroic finale in Karamanlis' 50-year role remains unwritten. Without that it would be just as if we were listening to the Ninth Symphony without the Ode to Joy. And without the Ode to Joy, that he did not have the good fortune to hear, Beethoven would not have remained eternal.

Moreover, following Saturday's events, the present New Democracy leader assuredly has the upper hand. He definitely has the initiative in action. The communists, burned by the deception of 9 March but always sensitive to changes in balances, were the first to understand. And they hastened to interpret Mitsotakis' demand for immediate and honest elections as "a counterattack of rightist forces" so serious that they called on the popular masses to mobilize!

So, a frontal clash is coming as an inevitable development following the demolition of the calm atmosphere and favorable processes that so much lulled the boundlessly liberal world. Late perhaps but clearly, the quiet citizens, who always decide on the future of the country, are discovering that PASOK and its leader rudely violated the rules of the game and have plunged the Greek people into frightful anxiety and insecurity and are playing party poker with the fate of the country. And the only "advantage" they have left is fear, a feeling that is strong enough to suggest correct counteractions in normal organizations but highly dangerous in paranoid conditions.

As for Karamanlis, a man molded and shaped literally in the public interest, we want to believe, we who have followed him closely for 40 whole years, that he has not yet said his last word. And it would be very foolish for both his friends and enemies to underrate him at these very critical moments for the nation.

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POLITICAL

GREECE

KKE ELECTORAL STRATEGY VIEWS CENTRISTS

Athens ENA in Greek 28 Feb 85 p 13

[Text] As if the scramble caused by the presence of so many PASOK and ND negotiators were not enough, in the small drawing-room of the Center the... "Marxist Matchmakers" have appeared to set their traps for catching homeless centrist politicians.

The leaders of the KKE also decided to do something about expansion. And since they realized that in the area of the nonaligned of the Left they were not doing too well, because that area is closer to the KKE of the Interior, they came to the decision to use centrists on its ballots. At the beginning there was talk of "a front against simple proportionality." And this idea was also promoted within the KODISO [Democratic Socialism Party]. With the member of the Political Bureau Professor Yorgos Kribas and the member of the Central Committee Batras pleading in favor of it.

But soon the idea of forming a front with the limited content of opposition to the electoral system was abandoned. The reasoning which predominates now is that of forming an antipolitical ballot. "Against the schemes of establishing a bipartisan system."

In order to attract centrist politicians, the KKE uses "prominent personalities" such as Professor Alkis Argyriadis, president of the Committee for International Detente and Peace, the former centrist deputy Stavros Kanellopoulos et al.

The KKE has in view personalities who would agree to appear on its ballot but in an order that would not obstruct the election of the 15 deputies which it is aiming for as the minimum number for its parliamentary group in the next House.

It is willing to offer even first place on its slate in areas where it has no hope of getting a deputy elected and where it does not wish so much to increase its electoral strength as to "intervene politically." But it also discusses the possibility of giving even first place in districts where election "hangs on" a small number or at least not a large number of votes. Typically, the districts of Akhaia--should the Mayor of Patras, Theodoros Anninos, be persuaded not to head the ballot--of Ioannina, of Magnisia and of Iraklion are spoken of.

Among the names that are being discussed, that of the former minister of finance, Manolis Drettakis, has the first place because of the fame he acquired not only for resigning from his position as a minister but also from his position in parliament. In the past week an opening was made which caused amazement among the few who were informed about it. The former deputy minister of defense, Yorgos Petsos, was indirectly informed that the KKE would be glad to discuss the eventuality of his being placed first on the ballot for Pella. Since the PASOK leadership was neither moved by his declaration that he supported the Change nor by his veiled but clear threat that he could cause damage by diverting votes through an "independent campaign," it is not excluded that the "anti-Right" deputy could accept this offer of hospitality.

The third "former" member of government, the former deputy minister of the interior, Stathis Panagoulis, despite the fact that he was the first to reestablish contacts with the KKE, appears to be the most hesitant of all. The only thing that is clear is that in September, when he was indirectly approached--immediately after Mitsotakis' election--he ruled out the possibility of returning to the PASOK. But in his case, the KKE, which has direct access to his family, does not appear to feel any concern. Because it obviously believes that the former centrist deputy, who is now to the left of the PASOK, has no other options.

The KKE has also left a door open for honorary hospitality on the ballot of the Council of State or even for a first place on its slate for the nome of Ilia for the former chairman of the Agricultural Bank, Adamantios Pepelasis. As a last resort solution for the nome of Akhaia--reasoning that he had also cooperated before with the Left and had been elected deputy of the EDA [United Democratic Left]--the name of Assimakis Fotilas was discussed as well but it met with strong reactions.

In the Second Piraeus district where the KKE is striving for a second seat--which it lost by a few votes in 1981--aside from that of the brother of the deceased PASOK deputy, Pantelis Nikolaidis, the name of Yannis Diamantidis, the son of the actual PASOK deputy Dimitris Diamantidis who appears determined to leave politics, as he has been embittered by the stance of the leaders of the Movement toward him, is also being discussed. Finally in Ioannina an attempt is being made to trade on the anger of the former minister Yorgos Miliotis against the Secretary General of the Press, Sotiris Kostopoulos. As he is convinced that the latter "strung him on" with false promises in 1981 while simultaneously undermining him as a "party oldtimer."

After this incursion of the KKE into the Center, the old saying that it is a bridge that leads into every direction is confirmed.

12278

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POLITICAL

GREECE

BEST ELECTION TIME: SPRING, WINTER OR FALL

Athens ENA in Greek 28 Feb 85 p 12

[Text] Only in extraordinary circumstances does the government decide on a spring confrontation.

In our country, where elections are directly influenced by financial circumstances, governments strive to hold elections in the fall, which is also harvest time for farmers, before winter expenses burden family budgets. On the other hand, opposition parties prefer those winter months during which family income is on the rise. It seems that these simple "truths" are inverted now.

The PASOK government has not ceased to study means of advancing elections to the beginning of summer, while the opposition, the ND, shows indirectly but clearly its preference for the last days of its opponent's four-year term...

However, quite apart from the explanations that will be offered--and disregarding, of course,... "crowd adulation" free from election tensions or the inconvenience elections will cause families whose older children are studying in May for the June examinations--summer elections are quite unusual in our country. In the postwar years, at least, elections were held only once in May--in 1958--and while they were planned once again in 1967 they never took place, since the tanks of the dictatorship "forestalled" them. In both instances there were "imperative reasons" to speed up the elections. All other elections were held during the fall months--October or November--with the exception of the 1964 elections, which were held in February, again after Parliament was obviously unable as the result of the November 1963 elections to maintain a majority government.

There is no doubt that the fall is a suitable time for elections. For many reasons. Because weather conditions in the nation make travelling easy for the many thousands of voters who are away from their districts. Because, as a rule, political life is calm, coming after the prolonged summer. And finally, since the financial year is over, potential changes in governmental composition cause no delay in the implementation of the approved budget, while the new government still has enough time, two to three months, to draft its own.

12278
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POLITICAL

GREECE

RULE ON POLITICAL REFUGEES CHANGED

Athens TO VIMA in Greek 28 Feb 85 p 1

[Text] The Council of State has passed unanimously a resolution which goes against resolutions enforced internationally and more particularly by the United Nations Organization with regard to political refugees.

To wit, the Council of State decreed that persons who come to Greece seeking political asylum do not necessarily have to come directly from the country of which they are citizens. It is enough that they stay away from their country because of a justified fear of persecution due to their religion, ethnic origin, race, social class or social convictions.

The resolution, which bears the number 830/85, cancels the resolution of the minister of public order rejecting the petition of the Turk of Kurdish origin, Halil Recai Aksu, asking to be recognized as a political refugee and to be granted political asylum.

Aksu had come to Greece in 1979 from West Germany where he resided. In his petition to be recognized as a refugee he claimed that he was being persecuted in Turkey because he was a member of an illegal youth organization, while when he was in Germany he had participated in antidictatorial demonstrations during General Evren's regime.

It is noted, however, that Aksu came to Greece because West Germany denied him political asylum.

12278
CSO: 3521/209

POLITICAL

ITALY

PCI LEADER CITED ON GOVERNMENT AIM

Interview with Natta

PM251541 Milan L'UNITA in Italian 22 Feb 85 p 2

[Unattributed report: "PCI Secretary General Meets With IL MANIFESTO Editorial Staff"]

[Excerpt] Rome--Today IL MANIFESTO publishes an interview with Alessandro Natta, the result of a discussion meeting between the daily's editorial staff and the PCI secretary general. Here is a group of answers given by Natta to a number of questions, in the summarized version published by the newspaper.

[Question] Could the PCI ask to form a government after the 12 May local elections?

[Answer] I do not believe that any such consequences could follow the local elections. If the results are similar to those of June 1984 [when the PCI overtook DC] a demand for an early general election could emerge, however.

[Question] If there were a government crisis as a result of the voting, would the PCI request the task?

[Answer] In the event of a government crisis I believe we would be justified in requesting it.

[Question] Would the PCI's candidate be Natta?

[Answer] As long as I have the job of party secretary general I believe it is enough for me. I am not in favor of combining jobs. We have a number of party leaders who could well perform such a task. Or at least an exploratory task.

[Question] It is not a matter of conforming or adapting to a particular model. By virtue of its image, its history, and its character, the PCI has long distinguished itself from other communist parties and other left-wing forces.

[Question] [CGIL Secretary General] Luciano Lama said recently that if he were German he would join the SPD. Do you agree?

[Answer] I can give you the same answer as I was given by the SPD leader whom I asked: What if you were in Italy? She said: I would choose the PCI."

[Question] What kind of debate exists within the PCI?

[Answer] It would be absurd for me to say that we all think the same way and that there are not differing points of emphasis and assessments. In any case this is evident; it is not concealed. But a party, a major political force-- and I am not talking about the PCI in particular-- always tries to achieve a unity of approach, of orientation. I do not consider dialectics a fine thing in itself; dialectics is a necessity.

De Mita, Martelli Reply to PCI's Natta

PM011513 [Editorial Report] Roma LA REPUBBLICA in Italian 23 February 1985 carries on page 4 unattributed 450-word interviews with DC Secretary Ciriaco De Mita and PSI Deputy Secretary Claudio Martelli in response to PCI Secretary General Alessandro Natta's remarks about the coming local elections.

De Mita is quoted as saying that "it is a pity that the PCI is only now remembering" that "the party with the relative majority has the right and a duty to govern" as long as it can rally a parliamentary majority around it. With regard to the communists' theory of the "alternative" government without the DC, De Mita reportedly expressed the hope that "they will retain their liking for the alternative even in situations in which they are willing to ally with anyone, just so long as they can govern."

Martelli is quoted as saying that "Natta is well aware that government posts are allocated not to whoever has the most city councillors but to whoever has the most deputies and senators," but that nevertheless "the PCI secretary general does raise a real issue" inasmuch as "a general election could prove necessary following the May polls" because "if the five-way alliance were to lose its absolute majority and if the referendum on the escalator system were to lend support to the PCI's argument, then I believe a general election would be inevitable--or at least the legitimate democratic outcome of the consultations."

In a 500-word "g. d'a." report on the same page Natta himself is quoted as saying: "I am well aware, and have said so clearly, that the 12 May elections may not produce results that improve on what is a constant factor in Italian elections, namely a certain discrepancy between the vote in general and local elections."

CS0: 3528/49

POLITICAL

NETHERLANDS

DEPUTY, EDITORIAL VIEW RELATIONS WITH NETHERLANDS ANTILLES

Deputy Sees Hopeful Future

Rotterdam NRC HANDELSBLAD in Dutch 11 Feb 85 p 9

[Article by J.W.M. van Gent]

[Text] The projected closing of the Lago Refinery in Aruba, the demonstration staged by 7 000 trade union members in opposition to a 10-percent wage decrease last 31 January and the threatened total disintegration of the Antilles should arouse in Netherlands government officials sentiments of growing, continual concern.

The position of the Netherlands with respect to this smallest part of the commonwealth is characterized by an attitude of "let happen what may" and preferably as soon as possible. By the end of this year separate status for Aruba is to become a fact. It is generally recognized that the islands have no possibility of independent existence. Will the Netherlands, despite many good intentions and an outlay of 250 million guilders a year, once again (after Indonesia and Surinam) unintentionally leave behind a heap of rubble? And the maelstrom of disintegration will not leave the Netherlands untouched, either. The international community will hold us responsible for anything that happens. And we must not be surprised if many tens of thousand Antillean members of the commonwealth come to seek a solution to their problems within Dutch society and the Netherlands job market. Or is there some alternative?

The Chances

Aruba wants its separate status; Curacao wants to remain the center of power; Bonaire does not know its mind; and the other three islands are far away and very tiny. But only a few Netherlands realize that for Aruba, separate status means independence from its big brother, Curacao, which has been running the show since 1634; but not independence from the Netherlands. Aruba would gladly become the 13th province of the Netherlands tomorrow.

Even now, the Antilles have a number of their own good points, which are comparably just as favorable as the earlier natural advantages for our forefathers (favorable geographical situation, well-protected harbors). The Antilles lie on the "roof" of South America and in economic terms enjoy a strategically favorable situation with respect to Central America.

Venezuela, Brazil, Argentina and Colombia are highly promising, rapidly self-developing and potentially wealthy nations. Indeed, their future promise has occasioned a large number of debts on their part. Their reorganization has been set in motion, however. In a number of cases a turning point seems to have been reached. Thus these countries might shoot up swiftly when compared to the generality of nations in their progress. And if this is to happen, then social abuses and political backwardness must be eliminated in like measure.

Within the Caribbean region, the Antilles have a relatively favorably developed infrastructure: a stable government, an (overly) strong currency, a well-developed and educated population, a sound administration of justice, backed by the internationally respected Netherlands Supreme Court, a mother country (the Netherlands) on which they can rely for expertise and advice; favorable fiscal, physical (for tourism) and international climates, and of course, their geographical location in the Caribbean Basin.

From another angle: the United States, given its experiences in Cuba, Grenada, and also its initiative in the Caribbean Basin, is very much concerned that stability be maintained in this region. The Antilles as a part of the commonwealth are associated with the European community. The connections with west, south, north and east are there: the Antilles are a natural central clearing house.

Disadvantages

Naturally the Antilles also have disadvantages. With a dearth of investments and job opportunities in the past, political patronage was often the only way to be appointed to a (government) post. Thus the government machinery has become grossly swollen.

Not all Antillean population groups--there are about 52 different nationalities--are as industrious as, for example, the descendants of the Portuguese there. Because of food and other imports from the US and the fat years of the now ended oil shortages, living standards were so high that even an American tourist had to dip deep into his wallet.

On the somewhat longer term there are, however, in my opinion, good possibilities of attaining the required, full-fledged economic--and with it, political--independence. As much for the Antilles themselves as for the Netherlands, a "gateway" function from and to South and Central America, and in less measure North America as well, would be of great importance.

With this in mind and whatever else may happen, another status for Aruba than its present one (dependence on Curacao) should be effectuated, if the island wants that.

The Netherlands should be firm in this matter, too. Independence, whether it is economic or political, is not achieved from one day to the next. Unless a clear aim and deadline is set, efforts to that end will remain unfocused and will therefore ultimately have been frittered away and wholly futile.

Normal working relations between labor and management then degenerate into frustrations. A common goal and a common strategic plan to attain that goal within a fixed time limit of, say, two or three 5-year plans, would have the clarifying effect of giving a meaningful direction to both the Antilles and ourselves.

The Antilles, in mapping out their plan of attack to gain economic independence, could have a small group of acknowledged business and economic experts draw up a roadmap. Such a group could consist of representatives from the Antilles, the Netherlands and even from one or more of the interested larger countries in the area. Here I am thinking especially of Venezuela.

This group would then begin this year, and working mainly in informal ways, but careful to engage in broad consultations and gain consensus, should come up with a roadmap by the year 2000. Parallel to the march of progress toward economic independence, a roadmap for political independence should also be planned out.

Both plans must provide points at which, if so desired, things could move at a decreased or an accelerated pace.

With such a plan and such a vision, any clergyman or merchant in the Netherlands can be satisfied. Instead of a maelstrom, the Antilles would become a central clearing house. The Antilles themselves do not now see their way out of the predicament in which they find themselves. Our history exhorts us to be concerned about their future. And our own future does not allow us to consider the Antilles as past tense and as written off our books. It would be worth the effort, for a change, to weigh the advantages of investing in a Markerwaard [a new polder in the Netherlands] or in a good future for the Antilles and thus for ourselves.

Editorial Criticizes Inaction

Rotterdam NRC HANDELSBLAD in Dutch 11 Feb 85 p 9

[Text] Almost two years ago an agreement was concluded after a week of wearisome negotiations in The Hague between the Netherlands and all the Antillean Islands concerning the withdrawal of Aruba from the Antillean commonwealth by 1 January 1986. The agreement at the round table conference seemed to make the absolutely deadlocked political relations in the Antilles somewhat more flexible again. In any case, all the involved parties solemnly promised to do all in their power to make the secession of Aruba as smooth an event as possible, and to carry out loyally all 26 of the points agreed upon at the round table conference.

Practically all these good intentions have come to naught. Very soon, problems arose over one rather minor point in the comprehensive agreement; namely, the solidarity fund for the small, welfare-dependent islands of Saba, Saint Eustatius and Bonaire. In order not to see the conference end in failure, the Netherlands had approved a small Dutch contribution of about 10 percent to the fund,

to be paid out of the currently budgeted money. A substantial additional contribution to the budget of the smaller islands would turn back the clock to the time when The Hague was making decisions about every little bridge or school that had to be built on the islands. Instead of greater independence from the Netherlands, a fund financed by our country would put us right back into the former colonial relationship.

The summit deliberations in the Antilles have now failed once again because the parties could not agree over the determination of each other's share in the fund. Much more important affairs, such as the future cooperation between Aruba and the rest of the Antilles after 1 January 1986, the division of property between Aruba and Curacao and the designing of a trustworthy system of law have therefore failed to come up for discussion once again. It is thus most questionable whether the separate status can indeed still go through by 1 January 1986, for without guarantees for a workable political system after that date, neither the Netherlands nor the small islands will be able to come to an agreement concerning the secession of Aruba.

"The Netherlands should not quibble over a few million more or less," said the Antillean minister, Mr Rozendal, a few days ago. Rozendal knows, however, that the question is not that simple. It is not a financial but a fundamentally political problem; and already at the end of last year, Minister De Koning made it clear in the Antilles that the Netherlands was not planning to go any further than a contribution of 20 percent at the maximum.

The solidarity fund is being used by the politicians of Curacao in particular, to drag out the process of Aruban secession and to skirt any discussion about future cooperation between the new partners. If the Netherlands could have a guarantee that the path toward separate status will be smoothly followed as soon as the question of the solidarity fund is cleared up, a generous gesture on the part of the Netherlands could still be considered. This guarantee is nowhere to be seen on the horizon. Doubtless then, some other point will be taken out of the Hague agreement of March 1983, in order not to have to cooperate in the preparation of separate status.

While the economic situation in Aruba has worsened dramatically in recent months, and the economic situation in Curacao seems to be headed in the same direction in the near future, a great deal of time and energy has been wasted in the deliberations with the Netherlands over the tug-of-war on the subject of relatively minor questions. It is perhaps time for the Netherlands to take the initiative for a new round table conference, not in order to reintroduce discussion on the conclusions of two years ago, but rather to confront the Antilles with the provisions of the agreement that was concluded at that time and with the factual development that occurred thereafter.

Otherwise, the process toward greater independence in the Antilles is threatened with complete deadlock. Some amount of delay in the separate status for Aruba must therefore not be excluded in advance. Second thoughts are also in order concerning the desirability of complete independence for that island by 1 January 1986, a stipulation made by the Netherlands for the implementation of the separate status. The present impasse may not last too much longer, and a temporary tabling of political quarrels among the parties in the Antilles could make a useful contribution to this end.

POLITICAL

NORWAY

CONSERVATIVES BUOYED BY POLL SHOWING PARTY AGAIN OVER 30 PERCENT

1981 Elections Record Neared

Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 3

[Article: "Norwegian Marketing Data--Political Indicator"]

[Excerpts]

	Stortings elections Sep 1981	Local elections Sep 1983	Jan 1984	Nov 1984	Dec 1984	Jan 1985
Election	%	%	%	%	%	%
Socialist/Alliance	0.7	1.2	1.1	0.7	0.8	0.5
Labor Party	37.1	39.2	38.9	39.6	38.8	38.1
Norwegian Communist Party	0.3	0.4	0.4	0.3	0.3	0.4
Socialist Left Party	5.0	5.3	5.9	5.1	5.6	5.1
	43.5	46.1	46.3	45.7	45.5	44.1
Progress Party	4.5	6.3	7.0	5.9	5.4	7.0
Liberal People's Party	0.6	0.7	0.3	0.3	0.4	0.5
Conservative Party	31.8	26.3	28.7	29.4	29.2	30.4
Christian People's Party	9.3	8.7	7.9	8.6	8.2	8.3
Center Party	6.6	7.3	5.7	6.0	6.6	6.0
Liberal Party	3.9	4.4	4.0	3.7	4.4	3.7
Other	0.2	0.3	0.2	0.4	0.2	0.0
Total	100.0	100.0	100.1	100.0	99.9	100.0
Response to party preference		1,141	1,177	1,094	1,007	1,020
Total number interviewed		1,388	1,423	1,323	1,252	1,253

The indicator is found by comparing each party against the 1981 parliamentary elections. Statistical marginal error is calculated to be in the area of 3 percent for vote ratio near 50 percent; approximately 2 percent for 10-20 percent vote ratio and near 1 percent for lower vote proportions.

The interview was conducted during the period of 15 January to 8 February 1985.

Paper Comments on Poll

Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 2

[Article: "Heavy Going for the Labor Party"]

[Text] The figures speak clearly: since October the support for the Labor Party has been on a declining trend and is now down at 38.1 percent according to the Norwegian Marketing Data political indicator for January. A corresponding trend has also been registered in polls conducted by Gallup/NOI [Norwegian Opinion Poll Institute], although the Labor Party is found to be at roughly 40 percent in that poll. In other words, we continue to receive confirmation that the Labor Party alternatives do not have any appeal, despite a strong and constant offensive with accompanying criticism about everything the Willoch government does.

The latest opinion poll from the Norwegian Marketing Data also has another main point: the Conservative Party gained and had the support of 30.4 percent in January compared with 29.2 percent in the previous month. The corresponding figures in the Gallup/NOI polls were 29.0 and 30.6 percent. We cannot overlook the possibility that a new right-wing wave has begun, a wave that might increase as we get closer to the elections and the political alternatives become clearer. The impression of a right wave is also confirmed by the situation that the Progress Party is in a better position than it has been in a long time. According to Norwegian Marketing Data, Carl I. Hagen's party now has 7.0 percent support which is the highest recorded since August.

The result of this outcome is that the nonsocialist parties--collectively--strengthen their position in relation to the socialist bloc. Together the three government parties and the Progress Party have 51.7 percent of the support while the Labor Party and Socialist Left Party and the Liberal Party have 46.9 percent collectively. There is a definite difference in the favor of the non-socialist parties. We find it difficult to believe that these figures will form the basis for any well founded optimism among the election strategists on the Youngstorvet.

On the contrary, one would tend to think that the latest polls would be a further incentive for Gro Harlem Brundtland and the party leadership in general to thoroughly reconsider not only the Labor Party strategy but also important factors in the party's policies. In a situation in which the most serious accusations are directed against the government, it is obvious that the Labor Party by itself does not have the necessary credibility and confidence outside the circle of loyal party members. That is exactly the message that the opinion polls now bring us.

Of course, the possibility that the Labor Party might correct its image in the months ahead cannot be excluded, but as we have stated earlier, the prospects in that direction are not very bright. As months of frontal attacks on the government's policy obviously have not had any positive effect in general, it is not easy to imagine how the Labor Party might be able to make a breakthrough with its policy from now until the elections. The prerequisite must then definitely be that the party be willing to reorganize or adjust the course in various vital areas. That remains to be seen. Nonetheless, we do not want to definitely assert that the signals we have been receiving of late from Gro Harlem Brundtland and other prominent party members give cause for any conjecture in that direction.

The positive outcome of the opinion polls for the nonsocialist parties will be a step forward to a new allout effort until the elections, in fact, a more optimistic atmosphere has already begun to take effect. But the situation is not at all such that they can allow themselves to take victory for granted, as during the long period of the election campaign, many big battles will be fought. As the most recent opinion polls have shown, there is not all that much that is needed to upset the balance of support.

Therefore it is important to keep going to the end. As we know, nothing is final until the ballots have been counted.

Coalition Record Examined

Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 3

[Commentary by Bjorn Talen: "Everything is Rolling Faster in Norway"]

[Text] This government does not succeed in everything. But maybe it has been most successful where people least expected and least successful where people have expected the greatest progress. Myth cannot always be brought out into the daylight and neither can political myth. There are in fact many indications that the government is earning more praise for social policies and employment than for prices and competitiveness. In other words, totally opposite to what the opinion polls say about the voters' judgment.

The assertion that tax relief is paid with cuts in the social budgets is typical. The reduction in personal taxation amounts to 16 billion kroner compared to 1981, so the social budget should be reduced accordingly. But the reality is that the expenditure of the Ministry of Social Affairs has /increased/ by 25 billion kroner. In addition, the tax relief has indirectly led to the health-and social krone becoming higher in value. In many aspects, many things are moving faster in Norway now even if "/everything/ is going much better now" is not correct.

Now it is up to the voters to mark the grades on the report card of the Willoch government. That will be done on 9 September, but first we must go through an

election campaign in which figures and statistics will buzz around the ears of the voters just like deafening machine gun fire. While there is still time to reach the voters' ears, the AFTENPOSTEN will in a series of articles discuss what the Willoch government has in fact achieved--bring forth the clear and distinct features of these achievements in relation to previous Labor Party governments and countries that are comparable. This will include price increases, home construction, tax relief, unemployment, social policy, economic growth and other conditions that can be included. But many political results cannot be demonstrated with graphs and statistics and today's article will deal with such areas.

Dynamics

During the span of very few years, Norway has become a more exciting country to live in--both with regard to good and bad. The secure and grey social democracy has been superceded by a carnival, trendy coffee house life and stores that are open late, better television and radio programs, freer choice of lifestyle, tougher competition, greater optimism and spirit to forge ahead, greater initiative and dynamics and a new generation of women who take equality for granted and have forgotten everything their mothers have accomplished and struggled for.

Not even Kare Willoch wants to accept the credit for all sides of this development. Much is due to international impulses and our immigrants have contributed especially toward providing variety in the country. Paradoxically, however, the not very visionary and dry prime minister has so far pursued a policy that at its highest level has proven inspiring to some. The desire to go back has been reawakened. That anybody dances samba in a capital that is about to lose its sleepy country town innocence is in itself not very important and has minimal effect on people's daily life. But they are manifestations that show that Norway will never be the same again. We can see that without Enzenberger glasses. A new Labor Party government can easily raise the taxes and semi-socialize the banks again but it cannot reseal the society after breaking the seal. A more open and freer society is here to stay.

Rewards

When hundreds of flowers bloom, it is because some one has tilled the soil and given the plants and and light. This is best manifested in the media image. Suddenly talents and ideas surface that nobody believed existed several years ago. Admittedly, weeds do grow among the roses and the tulips, but we must live with that or weed them out gradually.

This actually means giving people the feeling that they must make an effort and that the development is not forced to go in one direction but can be changed by the people themselves. Or as Nina Karin Monsen has expressed it in a different connection: Perhaps we can do something about all the concrete hurdles we meet in the daily community--and teach the politicians that fatalism in the name of the common people is poor politics.

Economist and Social Democrat Jorgen Randers put his finger on something fundamental in regard to the economic situation in VART LAND recently: "In today's Norway it is more acceptable to be visibly rich. To put it bluntly, the reason is that most people understand how important it is to establish new business, moreover, that there is a need for people who implement new things and that they deserve economic rewards.

If this observation is correct, there has definitely been a climatic change in this country where envy has been a prominent trait in the national character. The wind from the right blows just as briskly as before despite the stagnating Conservative Gallup figures.

Steady Course

The government's line has been more cautious and conservative in other areas. With respect to the defense and security policy, many people are definitely pleased that the government maintains a steady course. The time does not seem to be right for experiments and solo acts. The Labor Party invitations in that direction only puts the government's solid position in a favorable light, although the prime minister's beauty spots will also be exposed. The distinct features of this government become somewhat blurred when comparing them with previous Labor Party governments. The spurts of incorrect navigation from below deck when the party is in opposition are not likely to be transformed into a major force if the party again should take the helm.

Safer Society?

Moreover, the government has concentrated on a narcotics offensive and better interplay of the support apparatus. The penalty for violation against the elderly and defenseless has been tightened. The police is more visible on the streets and there are signs that indicate that the crime wave is about to coagulate. But it is, however, a little too early to ascertain that we have in fact achieved a safer society.

The minister of justice must carry much criticism on her robe from the attorney's quarters because she has not been able to create a better flow in the justice apparatus. Many also feel that parts of the policy are more for wooing the public than effectively fighting crime, such as the increase in the penalties for serious narcotics crimes. On the other hand, she has not overreacted to popular demands from the most intense antiporno fighters nor from the extreme right.

Environment

Since 1981 we have had environmental ministers but none of them has succeeded in leaving a special impression. Economic conditions have not invited new, large projects in this sector. Much solid work which is not quite so visible is, however, being done, such as that connected with sour drilling. A collective plan for a water system has been submitted which is very promising with regard to a more economical exploitation of the resources. Nonetheless, many people were disappointed that Etna-Dokka was not saved.

Sick Mothers

The cultural policy has been very controversial. With respect to the great media efforts, the opposing powers have only been successful in curbing the financing of advertisements. There are parties within the government that are putting on the brakes in order to delay a natural development.

Cultural life in general should also be able to gradually reap the fruits of the new challenges which the freer media world offers. But so far it has mostly been complaints that many sectors have gotten the axe or have not received the increased in appropriations they were used to. Now the cultural workers who speak out the loudest seem to have unusually many sick mothers to plead for, and Norwegian cultural life is not at all confronted with the catastrophe some want us to believe. It is utterly incomprehensible that our rich society can so badly afford art and culture when one thinks about the embellishments and magnificent constructions that have come about during worse times in history.

Gain for the Religious People

Looking at the other sides of spiritual life, the religious people have gained much from the government's work. The number of pastoral positions has greatly increased; paragraphs of religious objectives are introduced into the nursery schools and the revision of Article 55 A has made it possible for the institutes of different denominations to, for example, pose religious demands when employing personnel. The government has also given the church greater freedom through new governing bodies.

The Christian Democratic Party has also received considerable allocations. The Conservative voters are not altogether happy with all aspects of this policy. But as usual when it comes to cooperation between these two parties, the Conservatives forfeit a little intellectual liberalism in order to buy greater economic freedom. But in another area, the Christian Democratic Party has had to completely bite the dust: the abortion law has not changed beyond some cosmetic changes.

Progressives' Leader Sparks Debate

Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 3

[Article: "The Progress Party and the Government"]

[Text] Statements by Progress Party Chairman Carl I. Hagen to the effect that the party might consider overthrowing a nonsocialist three-party government so that it can be replaced by a totally Conservative government have caused debates this week. The reason behind this is that the Progress Party might be on the verge of collapse after the election. Prime Minister Kare Willoch, as well as Kjell Magne Bondevik and Johan]. Jakobsen, have strongly opposed any such ideas. The alternative to a three-party coalition is a government excluding the Labor Party. An initiative from Center Party's left-wing Lars Velsand about an eventual cooperation with the Labor Party if the Progress Party should get into such a situation, is not completely rejected by the party leadership.

POLITICAL

NORWAY

RED ELECTION ALLIANCE CONGRESS URGES ARMS FOR AFGHAN RESISTANCE

Oslo AFTENPOSTEN in Norwegian 4 Mar 85 p 4

[Article by Odd Inge Skjaevesland]

[Text] At its congress over the weekend the Red Election Alliance voted to ask Storting to appropriate 50 million kroner for the Afghan guerrillas. The congress itself collected money for arms for the guerrillas. The little red flock on the extreme left wing would really like to get into Storting. RV [Red Election Alliance] thinks that the "Open Society" campaign is preparing the way for an attack on the normal work day. Jahn Arne Olsen was re-elected as leader of RV. "We have too few national politicians," he complained.

Out of consideration for the Lapps the RV congress opposed extending the North Norway line. "The area is developed in such a way that this would require using stretches that are not in the right hands. Only a Lapp assembly can give approval for such a large step in Lapp areas," the congress emphasized.

The weekend RV congress called on the congresses of other parties to pass binding resolutions in four areas: 6 months of complete maternity leave at full pay by 1 January 1986; no reorganization of state-owned industrial firms unless alternative jobs have been set up; unemployment compensation for everyone, coverage for unemployed people without previous incomes, elimination of the 80-week rule; and a unilateral Norwegian boycott of South Africa.

The congress repudiated the government's decision to reject the application for a work and residency permit from PLO representative Abdul R. Alawi. RV called for a reconsideration of the decision.

"We also deplore the fact that LO [Norwegian Federation of Trade Unions] is again demonstrating its awe of the Israeli Histadrut by not inviting the Palestinian labor union to its congress this spring. We again urge LO to invite the Palestinian labor union," a statement from the congress said.

Money for Weapons

RV pointed out that the people of Afghanistan are waging a bitter and stubborn struggle against one of the world's biggest military powers, the Soviet

Union." "Storting must appropriate 50 million kroner for the guerrillas in Afghanistan because the Afghans do not have enough weapons with which to defend their right to stay alive and determine what should happen in their own country," affirmed the alliance, which itself collected over 5000 kroner for arms for the guerrillas from delegates to the congress.

Deputy leader of Red Youth Ann Helen Skaug criticized the Labor Party sharply for including cooperation with the superpowers in its program. "Go to Afghanistan, Gro Harlem Brundtland, and make the Afghans understand that they should cooperate and get to know the Soviet Union better before there can be peace in Afghanistan," Skaug said.

Open Society

Cabinet minister Astrid Gjertsen's marketing of the "Open Society" campaign has not touched a chord in the Red Election Alliance. "It sounds good when you first hear it but behind the fine words we now see that the government is preparing the way for an attack on the normal work day," the congress said.

Election

At the congress at Boler Community Center leader Jahn Arne Olsen was joined by deputy leaders Siri Pernille Overlid from Oppland and Alf Henriksen from Vestfold as his closest colleagues. The foremost member of the national committee was AKP (M-L) [Workers' Communist Party (Marxist-Leninist)] deputy leader Jorunn Gulbrandsen. She is the RV Storting candidate who is most likely to win a seat. Gulbrandsen is at the top of the Oslo list.

Jahn Arne Olsen told AFTENPOSTEN that RV would like to get into Storting because much of the alliance's policy does not get expressed at Lovebakken. He mentioned among other things defending jobs like the ones at Horten Shipyard and in Sulitjelma.

"RV must also develop national politicians. Regardless of what we think of Storting it is an important rostrum. And since there are so few revolutionaries in this country we must take part in order to disclose what is happening in the national assembly," Olsen said.

6578

CSO: 3639/90

4 April 1985

POLITICAL

NORWAY

BRIEFS

CP STRESSES NORDIC 'ZONE'--The Norwegian CP views the struggle for a ratified Nordic nuclear-free zone as the most important issue in the campaign before this fall's Storting election. "Norway must take the first step on this question," said Norwegian CP leader Hans I. Kleven at the party's "minicongress" last weekend. The party holds a national congress every 3 years and a national conference in the other years. "It is important that the election give Storting the kind of makeup that will enable it to make decisions that commit a new government to initiate treaty negotiations with the other Nordic lands. The Nordic region as a nuclear-free zone is the Nordic people's most important contribution to a nuclear-free Europe," Kleven said. Kleven mentioned the Treholt case, among other things. He emphasized that Norwegian law and legal practice provide clear rules for every criminal case. The Norwegian CP hoped the sentence would be just and unbiased. [Text] [Oslo AFTENPOSTEN in Norwegian 4 Mar 84 p 4] 6578

CP BACKS SHORTER WEEK--The Norwegian CP backs cutting the work week to 35 hours a week and flexible retirement ages for everyone over the age of 62. It also wants higher taxes on unearned income and a ratified Nordic nuclear-free zone. This emerged from the Norwegian CP's election manifesto, which also suggested election pacts by the Labor Party, SV [Socialist Left Party] and the Norwegian CP for this fall's Storting election. The party said the oil resources give Norway special opportunities and proposed extra appropriations of 5 billion kroner with which to set up 20,000 new jobs. In the area of tax policy the Norwegian CP opposes taxes on ordinary dwellings and vacation homes and wants an index-regulated interest ceiling of 60,000 kroner introduced. [Text] [Oslo AFTENPOSTEN in Norwegian 6 Mar 85 p 8] 6578

CSO: 3639/90

POLITICAL

PORTUGAL

POLL SHOWS INCREASED DISSATISFACTION WITH GOVERNMENT

Lisbon O JORNAL in Portuguese 22 Feb 85 p 10

/Text/ In the last edition of O JORNAL a misprint made it impossible to understand the reference made to the spontaneous vote for the presidential hopefuls, as presented by the Marktest/O JORNAL barometer.

It will be remembered that those voting intentions referred to February and, as seen in the chart below, showed Lourdes Pintasilgo in first place mentioned by 10 percent of those polled. Meanwhile, the principal innovation with regard to former polls is in the 8 percent of the voting intentions obtained by Alberto Joao Jardim, possible presidential candidate of the "New Hope" faction of the PSD /Social Democratic Party/. Despite the constitutional restriction on again becoming a candidate, Ramalho Eanes is in third place with 7 percent of the votes, followed by Firmino Miguel with 6 percent.

Intention to Vote for the President of The Republic

<u>Spontaneous Poll (February 1984)</u>	<u>Percent</u>
Lourdes Pintasilgo	10
Alberto Joao Jardim	8
Ramalho Eanes	7
Firmino Miguel	6
Mario Soares	3
Lemos Ferreira	3
Mota Pinto	2
Freitas do Amaral	2
Lucas Pires	2
Mota Amaral	2
Pinto Balsemao	-
Others	2
No vote	5
No opinion	48

According to the Marktest/O JORNAL poll, the favorable image of the president of the republic, which showed a minimum of 24 percent in October 1984, began a recovery in November and reached a maximum of 31 percent in December; and this remained virtually the same until February.

At the same time, through a similar sampling of 4,128 potential voters, there was a deterioration in the image of the government, which went from 4 percent in October to only 2 percent in February (an absolute minimum in recent months). A similar deterioration occurred in the case of the Assembly of the Republic which dropped from 4 percent in October to 2 percent in February in terms of favorable image.

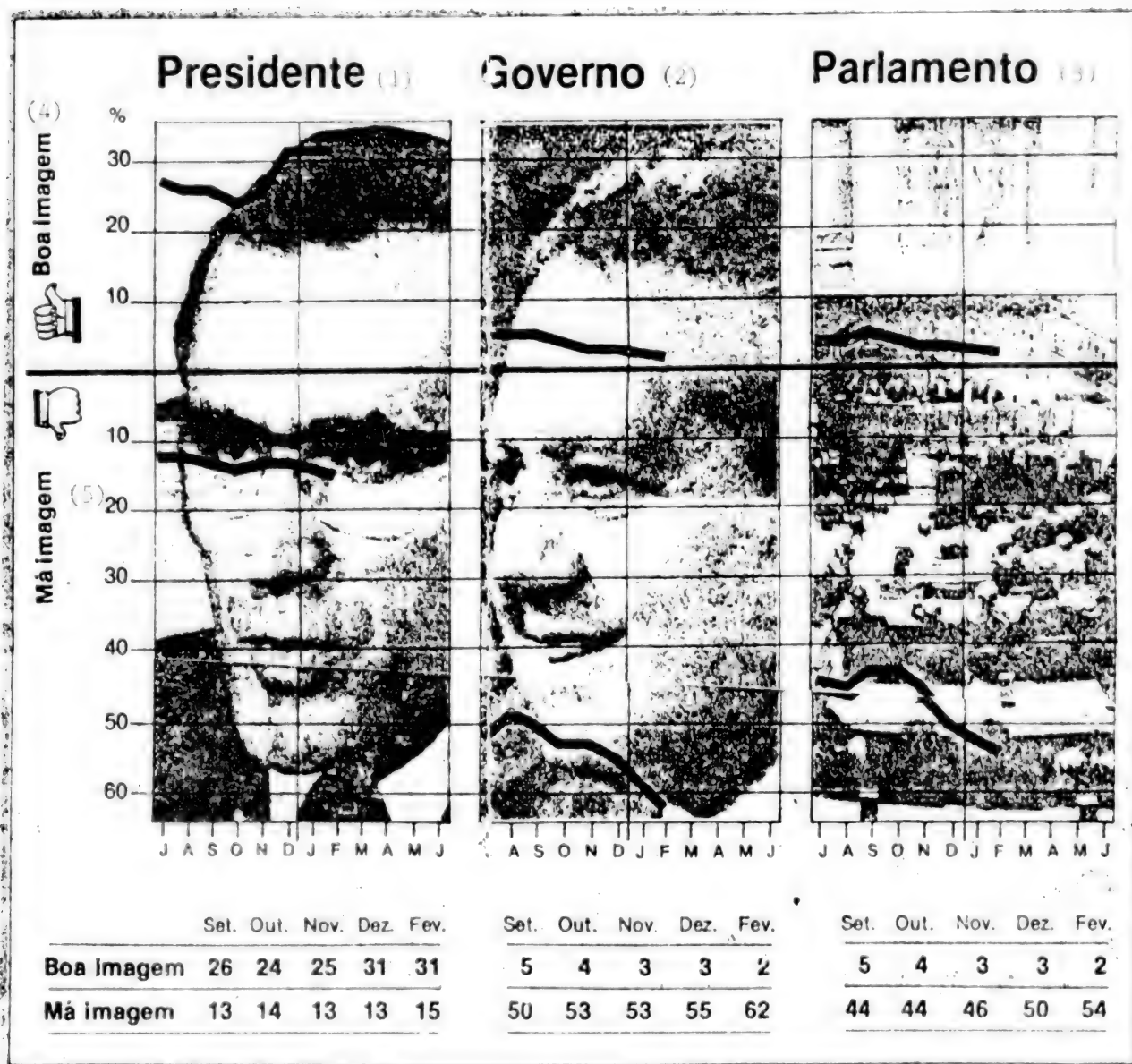
Possibly as a result of the recent conflicts among representatives of various government organizations we are seeing a struggle for positions.

The percentage of those polled who had an unfavorable image of the president of the republic reached 15 percent in February, or an increase of 2 percent over December.

The government's negative image, in like manner, reached a minimum of 62 percent in February (in December the negative image had hit 55 percent).

The Assembly of the Republic did not escape this trend toward relative discredit (in February 54 percent of those polled give it a bad image). (See chart below)

How the Electorate Views the Ruling Organizations



Key: 1. President
2. Government
3. Parliament
4. Good Image
5. Bad Image

8568

CSO: 3542 125

POLITICAL

PORTUGAL

MILITARY PRESIDENTIAL CANDIDACY: FERREIRA OR MIGUEL

PSD's Reported Preference

Lisbon DIARIO DE NOTICIAS in Portuguese 29 Jan 85 p 3

[Excerpt] Among the political leadership of the PSD [Social Democratic Party], which is where the decision will be made, Firmino Miguel has a clear lead over Lemos Ferreira when the thought is raised that one of them might become the 1985 Social Democratic presidential candidate--a well-placed PSD source has revealed to DN in connection with news reports about that party's eventual candidate.

Although purely speculative, there are nonetheless strong chances that Firmino Miguel might come out into the open as the person that the Social Democrats will back for the Belem race. To get his candidacy going, he will present it himself, and then the PSD would support it, which leaves open the possibility for other parties to endorse it also. There have already been contacts between Firmino Miguel and PSD leaders which began some time ago, thus only needed to be reactivated, and which are already well along, albeit somewhat tenuous and without any formal character.

There are also some in the PSD who are betting on Lemos Ferreira as the candidate who would best lead the change. This current is confined to Angelo Correia and those who support him and who see in the Air Force Chief of Staff the best person for the candidacy. Mota Pinto, however, apparently does not go along with this thesis and would be more inclined toward the Army Deputy Chief of Staff, General Firmino Miguel, who also draws more support from the party rank and file. Mota Pinto, however, maintains a certain reserve with regard to presidential candidacies.

The question of a military man as the PSD candidate for the Belem Palace does not find disagreement among the Mota Amaral wing of the Social Democrats, since Joao Salgueiro and Sousa Patricio in recent public statements have not excluded it but have in fact even allowed it.

The same thing, however, cannot be said for the 'Lisbon Group', which, ever since the question came up, has continued to hold out for a civilian and party militant as presidential candidate, the position in fact that it will push for in the higher party echelons when they meet to consider

the subject. Following the same line as the 'Lisbon Group' are Alberto Joao Jardim and Helena Roseta, who also favor the civilian approach. But the outcome of this presidential question, which has aroused polemics among the Social Democrats, depends in the first place on whether the candidates, either these or others not yet mentioned, are willing to run. And it will depend in the second place on what happens at the PSD Congress to be held in April or May at Figueira da Foz, since the subject is not listed on the agenda for the National Council meeting to be held this week end in Porto.

Roseta Predicts PSD/Eanist Coalition

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Jan 85 p 24

[Text] A joint presidential candidacy of the PSD and the Eanist movement is about to be mounted, Helena Roseta declared yesterday.

The President of the Cascais Chamber told Radio Rennaissance that she has 'certain information' indicating that 'moves will be forthcoming in a few weeks between leaders of the PSD and the Presidency of the Republic to get such a candidacy going.'

'A military man probably General Firmino Miguel, is the possibility that is going to be studied,' she added.

Helena Roseta said that 'if the PSD supports such a candidacy it will fall into an historic error, since that candidacy represents a retreat in the democratic process.'

'I cannot understand how, 10 years after the Revolution of 25 April, there isn't a civilian capable of rising to the Presidency of the Republic,' she concluded.

Civilian/Military Argument Irrelevant

Lisbon A TARDE in Portuguese 24 Jan 85 p 8

[Editorial by Pedro Santana Lopes: "Civilian or Military?"]

[Text] Once again, and in connection with the subject of presidential candidates, attention is about to be focused on the opposition between civilians and the military.

As everyone knows, the problem is an old one and occurs constantly in less developed countries, which usually have unstable political systems.

In the last analysis, the cause of that dilemma is the insecurity felt in those countries by the citizens and especially by the political agents. Sooner or later the weakness of the systems in which they find themselves thrown together and the meaninglessness of their forms of political participation lead naturally to their feeling victimized by an interior

contradiction: if on the one hand they support the citizen who best embodies their political objectives, on the other hand they're afraid to lose (or sometimes even to win) and prefer to bet on strength, through strength, even when uncertain as to its consequences.

In Portugal no constitutional regime has escaped that contradiction and seduction by the irrational reinforcement of authority.

Except that the lessons of that very same experience should have made clear that the appeal to arms, through arms, has solved nothing!

What we need are clarifications, not ambiguities; victories, not stalemates.

Stalemates are what the country has lived through for many years up to now: stalemates between Prof Marcello Caetano and the 'ultras,' between revolution and democracy, between the President of the Republic and the Prime Ministers, between the constitution and reality.

Portugal needs a power that works, that takes charge. The fundamental thing is still the program of the candidate and his conditions for carrying it out. Whether he's civilian or military is secondary.

To argue in favor of the military, saying that it is necessary to respect the weight of the armed forces, shows susceptible minds.

To support a civilian candidacy, declaring that that is the only way to achieve 'full' democracy, is not a sign of balance.

The foremost question is to opt for continuity, with or without evolution, or for change without complications.

For our part, we have three certainties: The first is that the country cannot stand to go on in this state of affairs for another 5 or 10 years; the second is that we shall only vote for a candidate who takes over without equivocations and who takes over with a new plan in the sense that we have already tried out many times; the third is that we shall not accept (because of the aforementioned reasons) a candidate who pleases everything and everybody, even while saying that he rejects support from this or that quarter.

Because we already found out about rejections of that kind in 1976 and we've had enough 'phonies.'

12430

CSO: 3542/105

POLITICAL

PORTUGAL

LITTLE COMPETENCE, EFFICIENCY SEEN AMONG POLITICIANS

Lisbon A TARDE in Portuguese 15 Feb 85 p 6

/Text/ Research shows what popular wisdom has known for some time now: that the exercise of a political career can bring the individual involved personal advantages ranging from increased profits and facilitated promotion in public-service and public-firm careers to the adoption of a style of life far above the average available to the rest of the Portuguese people. The study, made by the Damiao de Gois Institute, also discloses that Portuguese politicians possess doubtful competence and efficiency.

The Portuguese political class is made up of individuals more concerned with their personal career than with the public welfare and who possess doubtful competence and efficiency, according to a study made by the Damiao de Gois Institute.

The study is based on an analysis of 847 individuals who have thus far held 1,608 public offices since the Constitution became effective in 1976.

As a general conclusion, the study, to which the NP /Portuguese News Service/ had complete access, indicates that "there is verification, in the political class, of the existence of a group of people who have made a profession out of the exercise of functions of political leadership."

"Of this group of people, almost 150 have remained in office more than 5 years, which can lead us to conclude that they are living from politics, for politics."

The study also points out that "the exercise of a political career can offer personal advantages to the individual who follows that route."

According to the same study, those advantages can be summarized in "an increase in material gain, the achievement of conditions which facilitate progress and promotion in public-office and public-firm

careers and the adoption of a style of life far above the average of other Portuguese, frequenting worldly circles where luxury prevails and being written up in the social columns of the country's newspapers."

Disbelief in the Regime

"These possibilities," the study continues, "suggest a frame of mind determined by forboding (a type of not well-founded empirical knowledge) which runs counter to the popular idea that the Portuguese political class is made up of individuals more concerned with their personal career than with the public welfare, of doubtful competence and capability."

From a political viewpoint and in the terms of the study, this could give rise to disbelief in the democratic regime, disbelief in the role of political parties in a pluralist democracy, skepticism as to the capacity for action of sovereign organizations and apathy toward a possible attempt to establish a dictatorship.

As for an "increase in material gain," the study shows that "the majority, having liberal professions, especially lawyers, can, in carrying out their responsibilities as congressmen, whose statute permits this, keep their offices and consultation rooms open to deal with the problems of private clients. Others, during intervals or simultaneously with the performance of their political duties, hold offices of management or administration in private firms."

8568

CS0: 3542/125

4 April 1985

POLITICAL

PORTUGAL

BRIEFS

CAPUCHO ON BALESEMAO CANDIDACY--Antonio Capucho, member of the political directorate of the PSD /Social Democratic Party/ and social-democratic leader, proposed yesterday on a radio broadcast the names of Francisco Pinto Balsemao and Fernando Amaral as possible party candidates for the Presidency of the Republic. In an interview granted to the "Neither More Nor Less" program on Antena -1, Antonio Capucho, in speaking of the presidential candidacy, said that, "In addition to Mota Amaral, Joao Jardim and Rui Machete, there are more names of outstanding PSD individuals who could serve as presidential candidates. For example, Pinto Balsemao and Fernando Amaral. I believe that the PSD has an obligation to verify the capability and possibility of all these militant candidates of the party." /Excerpt/ /Lisbon DIARIO DE NOTICIAS in Portuguese 18 Feb 85 p 3/ 8568

CSO: 3542/125

POLITICAL

TURKEY

BULGARIAN TURK SAYS KINSMEN TORTURED, PLAN ESCAPE

TA202053 (Clandestine) Bayrak Radio in Turkish to Cyprus 2030 GMT 20 Mar 85

[Text] Ramadan Hasan, another Turk who has crossed the Turkish-Bulgarian border on foot, has told the Turkish authorities at Kapukule that his kinsmen are being tortured to death and that those left are planning to escape. Noting that his only concern is the fate of his wife and three children who remain behind in Bulgaria, Hasan said that Bulgarian authorities are torturing Turks who do not comply with their desires. He added that he lived in Haskoy's Yeni Mahalle District and that some time ago he was forced to change his name to (Rumen Asenevasnev). He noted that he chose a Bulgarian name from a book he was presented because he was aware of the fate of those who did not comply with the wishes of the authorities. Noting that no Bulgarian Turk changed his name voluntarily, Hasan said that Bulgarian claims to the contrary are based on the fact that these Turks were allowed to choose a name from a given book. He added that those who refused to change their names were imprisoned and tortured and that some died as a result of the tortures.

CSO: 3554/105

MILITARY

EUROPEAN AFFAIRS

POTENTIAL FOR FRANCO-GERMAN DEFENSE COOPERATION EXAMINED

Paris POLITIQUE ETRANGERE in French 3d Quarter 84 pp 649-654

[Article by Andre Arets: "Franco-German Relations and Nuclear Issue in a Divided Europe"]

[Text] Security and defense cooperation between France and West Germany has intensified since 1982 to a point never heretofore attained in the more than 20-year history of the Elysee Treaty [1963 Franco-German Treaty of Cooperation].

Improvement in the thinking and feelings of the two peoples has been so remarkable that political leaders and the media on both sides of the Rhine are now able to raise some fundamental questions about the relation between the French deterrent force and Germany's security, and do this without shocking anyone and without creating any dramatic incidents. Nevertheless, there is still a large gap between the new "can say" and the possible "can do". Hence infinite precautions must be taken lest inordinately bold initiatives bring about just as inordinately abrupt rejections. To prove that this can happen we need not refer back to the EDC [European Defense Community; rejected by France in 1954] and the Fouchet Plan [proposed treaty establishing a European political union and drafted by six-nation commission chaired by the French representative C. Fouchet; project collapsed in April 1962 because of unresolved differences within commission].

In this article, therefore,--after first analyzing recent developments in the "Franco-German connection" and taking stock of what has been accomplished--we shall attempt to outline ways and means by which nuclear weapons can contribute to the rapprochement between France and Germany instead of being a divisive factor. Ours is a ticklish venture and it may disappoint those fanciers of conceptual revolutions. But as long as the state of affairs inherited from the Yalta Conference continues to prevail in Europe, we have no choice but to base our efforts on that particular reality, even though we simultaneously need to avoid anything which might impede its becoming out-moded some day.

USSR Assists Franco-German Rapprochement

Paradoxically enough, the Soviet Union is, quite unintentionally, basically responsible for this new progress in Franco-German security and defense cooperation. By trying to block deployment of U.S. intermediate-range missiles,

Moscow transformed into a crucial political test of Atlantic Alliance unity what initially was merely a question of modernizing one element of NATO military forces to counter the Soviet SS-20 missile deployment. By using every opportunity to dramatize this issue, the USSR placed the FRG in the critical position of having to choose between loyalty to its alliances and surrender, and thus take the first step toward possible neutrality.

Under these circumstances, the French themselves had to weigh the likely consequences if the FRG were to flinch under intense external pressures and serious internal tension. A rather large percentage of Frenchmen agreed that the stakes involved--namely the real or apparent danger of a neutralist trend in West Germany--warranted having France cast its lot with the FRG to ensure the Alliance's cohesion, and do so even by supporting a decision in which it had had no part. President Mitterrand's 20 January 1983 speech to the Bundestag was the most spectacular and no doubt most effective translation of this French resolve which had been manifest since 1981.

Brought together by the ordeal, Paris and Bonn appear to have lost their 1970's reflex of each wanting to be the USSR's "privileged" partner. Chancellor Kohl's 1983 visit to Moscow and President Mitterrand's June 1984 trip to the USSR did not give rise to any relapse into the bad habits of previous administrations. It is true, however, that this type of change is never permanent. In the future, the USSR may indeed revert to behaving with greater subtlety than it has displayed in its post-deployment capricious sulking and futile "countermeasures". It is essential, therefore, that the dialogue between the French and German governments be accompanied by increased party-to-party contacts. In this connection, talks between the French Socialist Party and the German SPD resumed immediately after the arrival of the first Pershing missiles in November 1983. After a rather difficult start, these talks are now proceeding in most encouraging fashion.

There are similar contacts between parties of the German coalition government and opposition groups in France. But the scope of these contacts could be more effectively exploited, particularly by developing larger and more qualified teams of experts, such as those around Raymond Barre, for example.

Encouraging Record of Achievement

France and Germany have come an impressively long way together in the past 2 years. Having begun as legitimate defensive reaction to Soviet SS-20 deployment, the new Franco-German rapprochement very quickly became a cooperative process.

The joint statement released after the [Franco-German] summit of 25 February 1982 in Paris laid the foundations for cooperation and coordination in security matters. The first regular meeting of French and German defense and foreign ministers was scheduled for June 1982. Although postponed because of the incipient crisis within Schmidt's coalition government, this meeting of the four ministers was ultimately held concurrently with the first regular Kohl-Mitterrand summit in October of the same year. Since then, the four ministers have been meeting regularly prior to each summit. Each minister is

accompanied by only one person, a "note-taker" who does not participate in the discussion. This setting is conducive to direct contact and wide-ranging off-the-cuff discussion. The ministers submit a report of their proceedings to the chancellor and president during the summit meeting.

The Franco-German Security and Defense Commission was formed in 1982 to support the "group of four" [ministers]. Here again, the keynote was spartan simplicity of organization, inasmuch as each country is represented by only five persons drawn from their respective foreign and defense ministries. These persons include military officers and civilians of the highest administrative rank. The commission's standing enables it to suggest matters worthy of discussion and effectively transmit policy guidelines and impetus from the two governments to appropriate departments and agencies. This latter function is a major difference from the way the former "strategic studies group" operated. The commission has also established three subordinate specialized working groups: on cooperation in armament matters, military cooperation, and politico-strategic affairs. Other ad hoc working groups can be formed to deal with special subjects of interest to the "group of four". The commission has met three to four times a year since December 1982. Its working groups meet more often.

The commission--and above it, the group of four ministers--provide a means of interconnecting these various areas of cooperation and coordination and thereby produce a synergy. This largely accounts for the rapidity of the progress already made.

It is highly doubtful that the two countries could have found common ground on which to reach agreement on development of the future combat helicopter without such a system of permanent political cooperation and coordination, without the degree of trust created between the partners at all levels. Those who worked on this helicopter project know that prior to the agreement of May 1984 there was a great possibility of a miscarriage as ignominious as the failure of the "future battle tank" project announced in February 1980. And there are many other major future projects that lend themselves to joint Franco-German, or European, design and development. These include the future European fighter aircraft and military observation or communications satellites. Generally speaking, France and the FRG must concentrate their efforts on the emerging technologies that are going to profoundly change conventional forces. In this connection, consideration could possibly be given to expanding the Franco-German Saint Louis Institute's activities to include these technologies.

Yet above and beyond these concrete examples of cooperation, the very nature of Franco-German cooperation and coordination has been transformed. Nearly one generation after the signing of the Elysee Treaty, Franco-German talks have become so open and free of mental reservations that authorities of both countries can "reconcile their doctrines with a view to arriving at common conceptions."¹ No progress would be possible without a thorough knowledge of the other partner's constraints and perceptions, and it is in this area that there has been an unquestionable breakthrough facilitated by the excellent personal relationships established between French and German officials.

The following example is illustrative of this process. For several years, the German Ministry of Foreign Affairs had been seeking, generally by approaches at intermediate levels, to obtain the lifting of a few restrictions and controls imposed on FRG conventional armament by the 1954 Paris Agreements. But the German Government consistently refrained from officially raising the question before the authority having jurisdiction in such matters, namely the Western European Union (WEU). For its part, the French Government had been trying at regular intervals to revitalize the WEU as an agency for cooperation in European defense matters. The stalemate was total: on the one hand, France was not replying to a question that had not been duly raised; on the other, the FRG would have nothing to do with an organization it considered synonymous with discrimination. During 1983, Frenchmen and Germans perceived, both at the ministerial level and within the Franco-German Security and Defense Commission, that they were in full agreement on the anachronistic nature of the restrictions and controls, and also on the advantages to be derived from giving the WEU a new and influential role as a European political forum for defense matters.

In short--and at the risk of caricaturing what actually happened--the Germans noted that France did not suspect them of wanting to use the removal of obligations stemming from the 1954 Paris Agreements to manufacture destabilizing strategic aircraft and missiles; and the French were able to confirm that the FRG harbored no mental reservations about the WEU as such.² This intellectual process could also be applied to other subjects, because indeed certain questions are raised more for the purpose of determining a partner's deep-seated intentions than of obtaining a definite answer. This lesson is worth remembering when dealing with other questions, including the nuclear issue.

Security Requirements

The Franco-German dialogue would inevitably stagnate if, sooner or later, it were to fail to deal with nuclear problems in a straightforward manner. Because of its national deterrent force, France's security centers on nuclear weapons; and so does Germany's, indirectly through the American nuclear umbrella. Furthermore the following combination of circumstances necessitates discussion of this issue:

- a. In Germany, doubts about the real coverage provided by the American security guarantee and fears of "decoupling" have prompted the effort to obtain possible French reinsurance. German officials are concerned about the "[General Bernard] Rogers doctrine" and "Star Wars". They see these concepts as possibly developing into a "Fortress America" concept, with Europe liable to be considered the battlefield of "limited wars".
- b. In France, the nuclear force modernization program cannot help but pique German curiosity. Such is the case with the replacement of Pluton missiles with [longer-range] Hades missiles in 1992 and the concurrent activation of a nuclear division to replace existing nuclear artillery regiments. In addition, there is the introduction by 1988 of medium-range air-to-surface [nuclear] missiles to be carried by Mirage 2000N aircraft. Oddly enough, this latter major development has engendered little comment in Germany.

German questions about these French programs appear to be limited at present primarily to the political community.³ As implementation of the Hades program becomes more advanced, German public opinion could become more extensively involved in these concerns. This would a fortiori be the case if France were to approve production and deployment of enhanced radiation weapons (neutron bombs), even if these weapons were but a new version, with lesser collateral effects, of existing tactical nuclear weapons.

The mediate and political sensitivity in the FRG to everything having to do with nuclear weapons cannot help but prompt calm examination of these matters by the parties concerned. In this regard, proposals relative to Franco-German relations in the nuclear field have been made by politicians and various other prominent individuals in both countries. These proposals must be judged in the light of both France's and the FRG's basic--and hence not readily tangible--security interests. In that way, the daydreams (or nightmares) can be distinguished from the real possibilities of dealing with the nuclear issue.

The French doctrine of deterrence is so well-known that there is no need to describe it in detail. Hence we shall review only two of its absolutely key concepts.

a. The factor of uncertainty about what circumstances constitute crossing of the nuclear threshold (or the threat to do so), a factor which logically implies refusal to define the substance of French vital interests beforehand. A potential enemy must not have the advantage he would gain by France's demarcation of an area in which he could attack without risk of a nuclear counterattack. Anything that would reduce this uncertainty would weaken the nuclear deterrent's credibility. The same is true of proposals aimed at delimiting the circumstances under which nuclear weapons would be used, doctrines such as "no first use" or "no opening of nuclear fire outside one's own territory".⁴ The same is true of formulas designed to outline extensively the confines of our vital interests. Thus the concept of "enlarged sanctuarization" [extending the boundaries of the national sanctuary] introduced during the presidency of Giscard d'Estaing had to be quickly abandoned by its very originators.

b. The other fundamental element of the French conceptual framework is indissociable from the preceding one. This element is the absolute priority given to the political significance of tactical nuclear weapon employment over the latter's immediate military effects. If France had to resort to tactical nuclear weapons--whether they be of the current type (AN-51 or AN-52 warheads) or enhanced radiation (neutron bomb) type--their use could only be meant as the final warning before all-out use of France's strategic nuclear arsenal. The military effect of such employment of tactical nuclear weapons would, of course, be useful, if only to force the advancing enemy to pause, thus giving him necessary time to reflect. But the warning issued by France must be plain and simple: either cease your aggression at once or suffer the holocaustic consequences that will deprive you of "victory".

The aggressor must not be allowed to think that France could follow a step-by-step process of escalation which would result in a "limited tactical nuclear battle". Therein lies the major difference between French policy and the existing NATO doctrine. The necessary discipline implied in the French concept is at variance with the suggestions of those persons who would like to have France deploy within its units a large number of nuclear artillery shells and warheads, employment of which would be delegated to battery commanders. Fortunately enough, the Germans see nothing but advantages in France's rejection of this type of scenario which deployment of the Hades missile should rule out even more definitely than in the past.

The FRG's security interests also impose definite limitations on what nuclear arrangements can be made between Paris and Bonn. First of all, the FRG insists that nothing be done which might encourage "decoupling" Europe from America, because the FRG is dependent on the United States from both a nuclear deterrent and conventional defense standpoint. As a medium-size power, France obviously cannot be considered a possible and adequate alternative to the American protective superpower. Fortunately, Frenchmen have realized this and now use the same slogans in their political statements as their German partners, for example, in extolling the "Budnis im Budnis", i.e. alliance within the Alliance.

The FRG will likewise oppose any military or strategic development that might exacerbate the division of the German nation or cause a turnabout in the important progress made toward rapprochement of the "two Germanys", whether it be in trade or in the flow of persons between the two. The most evident consequence of this German attitude is the virtually unanimous rejection of any idea of a West German nuclear force, and also a preference for long-range nuclear weapons instead of those that would strike in the GDR, for "Germany also naturally includes the GDR."⁵

Lastly, we must call attention to another factor in the German situation, namely the continuous conflict between security requirements--met largely by foreigners--and the yearning for full and complete exercise of sovereignty, a problem whose true import Frenchmen do not always recognize because they are not in similar circumstances.

Factual Analysis of Proposals

For purposes of our analysis, we shall group into the following four categories those public proposals made by prominent Frenchmen and Germans for achieving Franco-German agreement on nuclear deterrence: national nuclear force for the FRG, Franco-German nuclear sharing, extension of French security guarantee, and Franco-German nuclear cooperation and coordination.

National Nuclear Force for FRG

The philosopher Andre Glucksman has advanced the argument that it would be desirable to allow the FRG to have a military nuclear capability over which it would hold total sovereign power. His idea has not whipped up a storm of protest. This in itself would tend to show that this subject is no longer

taboo in Western Europe, even though such is not necessarily the case in Moscow. The main difficulty with Glucksman's proposal, however, is that the Germans themselves hardly appear desirous of moving in that direction because it would create severe tensions with Moscow, probably bring about a break with the GDR, and pose serious problems for the strategic coherence of NATO's integrated command and control structure, not to mention the effects of an FRG withdrawal from the Non-Proliferation Treaty it ratified in 1975.

Hence this idea does not appear to be of current interest or feasibility, even if in the past Franz-Josef Strauss may have given the impression that he harbored such an ambition for his country.⁶

Franco-German Nuclear Sharing

In early 1984, Jacques Chirac proposed a form of FRG association with the French nuclear capability. Since then, he has reverted to a more "orthodox" position.⁷ Michel Tatu, LE MONDE's expert on strategy, has outlined in relatively detailed fashion a Franco-German dual-key system for control of French tactical nuclear weapons.⁸ Here again, one of the obstacles is the FRG's apparent lack of interest in this type of approach.

It was about 20 years ago that the dual-key system for American tactical nuclear weapons was abandoned. Since then, the President of the United States alone can release nuclear weapons (authorize their use) to NATO's SACEUR [Supreme Allied Commander Europe]. Prior consultation with U.S. allies is considered desirable, but is not absolutely necessary.

The term "dual-key" is misleading. "Dual-lock" is a more accurate term inasmuch as the slowest or most refractory partner can impede the delivery of nuclear fire. In practice, however, delays resulting from use of the dual-key procedure could quite definitely paralyze any response; accordingly the system has been abandoned.

There is also a pertinent strategic aspect to the problem. For instance, the FRG has refused use of the dual-key procedure with the Pershing 2 and cruise missiles. It did this not only for technical and financial reasons, but primarily to ensure that the potential aggressor will be convinced of the well-established continuity between the firing of these missiles and the next step in the event of escalation, namely recourse to the central (strategic) systems; in other words, to ensure that it will be crystal clear to the USSR that use of the Pershing missile and the GLCM [ground-launched cruise missile] will result directly from a purely American decision and, therefore, call for continuation of the dialogue with the United States: either an all-out nuclear exchange, or cessation of hostilities.

The same logic is applicable, *mutatis mutandis*, to the use of French tactical nuclear weapons, the final stage before recourse to central systems. Thus a dual-key approach would lessen the deterrent effect of nuclear weapons in peacetime--because the actual feasibility of their timely employment would be greatly diminished--and seriously destabilize management of an acute crisis in Europe.

Extension of French Security Guarantee

Such an extension was outlined in 1976 by the French armed forces chief of staff. He called it "enlarged sanctuarization". But this concept subsequently quickly disappeared from the official vocabulary. Helmut Schmidt made a proposal of similar nature in June 1984.

This kind of position-taking has the appearance of posturing in that it belongs to the "rhetoric" category. It is always possible to affirm that France's vital interests include country "A" or country "B," etc. But it takes more than that to be believed. As long as the United States could protect the FRG with a "leakproof" umbrella, nobody dreamt of asking France to shield Germany. The moment the American guarantee displayed some weakness, it was no doubt considered presumptuous to want to replace it in its most ambitious functions. Lastly, the obvious drawback in delimiting a sanctuary by extending it, is the fact that such action assures the enemy he can wage nonnuclear warfare for those areas not explicitly included within the sanctuary. For example, if France "covers" the FRG, what about Belgium, the Netherlands, Denmark, etc? This calls to mind the risk taken by Dean Acheson in January 1950 when he indicated that South Korea lay outside the main U.S. defense line in Asia.

Franco-German Nuclear Cooperation and Coordination

The above caption can cover a number of highly different ideas, some of which are probably feasible. We shall discuss them later in this article. At this point, however, we shall consider but one of them, namely, cooperation and coordination in targeting for French tactical nuclear missiles.

There is one technical obstacle to such targeting. The Pluton [surface-to-surface missile] was designed to be capable of striking different types of targets, including moving targets (a tank concentration, for example). It would be most unusual for nuclear fire on such fleeting targets to be preplanned or scheduled. Preparation to fire on a moving target is logically done on the spur of the moment and by inserting necessary firing data and target coordinates as soon as possible. The weapon system must be capable of engaging such targets of opportunity, otherwise its flexibility would be very inadequate. Such a technical capability would, moreover, be consistent with a principle which holds that the President of the Republic must have the broadest flexibility of response in selecting the time, place, method, and condition of the strike. It is not possible to confine the final warning strike entirely to one or more rigidly scheduled fire plans. Such strict prior cooperation and coordination could thus self-servingly preclude engaging a whole class of militarily highly important targets.

Lastly, how would the enemy be convinced that a strike conducted in implementation of a Franco-German plan would indeed be the prelude to an all-out nuclear exchange which would bring about the vitrification of France--the death of the French people--and a large proportion of the aggressor's cities? The difficulties encountered by the American "expanded deterrence" stem to a

very great extent from this type of questioning (does one commit suicide in another's behalf?). Such problems are multiplied in the case of France whose nuclear capability is not that of the United States.

In addition to the above considerations, there is the fact that each partner must be able to assure himself that the other partner can keep a secret. Such secrecy is vitally and totally necessary when use of tactical nuclear weapons is included in a strategy affecting the nation's very survival and not the outcome of some "limited tactical nuclear battle." We are not wronging our partners when we note how regularly certain elements of the German and American press publish confidential information about nuclear weapons in Europe.

Per Angusta

It is obvious, therefore, that the field open to possible "common Franco-German conceptions" is encompassed by a particularly dense entanglement of constraints. At the same time, the current situation does not appear satisfactory. Everyone is fully aware that before Europe can become a mover and shaker of history once again, more progress will have to be made in the reconciliation of strategic concepts, and specially between France and Germany. It is clear that solely the "Franco-German connection" can serve as prime mover in this effort, because any progress in this special relationship can and should correlatively draw the bonds between nations of Western Europe closer, as evidenced by the WEU's revival as a forum in which political solidarities are expressed.

To make further progress, however, Frenchmen and Germans have to establish a mutually satisfactory relationship in regard to the nuclear issue. Given the impossibilities mentioned above, efforts in this field could be organized for the short term around initiatives of a symbolic and political character. In the longer term, decisions relative to French military nuclear equipment policy could reflect progress made in Franco-German cooperation, in the light of current technological developments.

Short-Term Action

France and Germany could agree to establish the most modern means of communication between the chief of state in Paris and the chancellor in Bonn. This means not only a "red" telephone or telex, but all of the visual display and facsimile equipment needed to enable top governmental executives to monitor a serious crisis. This symbolic measure would entail no obligation but would permit as much coordination between the two men and their countries as they deem necessary.

This action could be accompanied by an official reaffirmation that the two countries intend to strengthen their capability of meeting their obligations under international security treaties, thereby sending an effective signal to the United States (Washington Treaty) and the West European partners (Brussels Treaty).

Concurrently, the scope of peacetime discussion of nuclear issues could be broadened. Showing that some of the proposals made recently are unsound does not ipso facto constitute sufficient justification for considering the current situation to be acceptable in the long run. West German public opinion is legitimately concerned about the possible employment on German soil (including the GDR) of not only nuclear weapons but chemical and conventional weapons as well. This concern tends to mount with the (real or apparent) weakening of the U.S. "expanded deterrence" and with those increasingly pronounced trends that are reducing the "coupling" from the "top" (Star Wars) or from the "bottom" (new doctrines of conventional deterrence and extended depth of the battlefield). The absence of dialogue on such agonizing concerns is liable to lead first to a stalemate and then to a souring of relations within the "Franco-German connection". This problem must be allowed a full airing.

Without getting involved in a debate about targeting, whose limitations and dangers we have already outlined, why not ask our German partners what they would consider desirable in case we should have to threaten to use nuclear weapons? What are their ideas, their views on the question? The answers are not matter-of-course, if only because the best way of preventing a massive attack in the FRG is currently probably still the threat of a tactical nuclear strike against the enemy troops that would inevitably be on German soil. This doctrine runs counter to the natural coolness of Germans toward possible use of nuclear weapons on their soil.

Could we not likewise let our German partners inform us of their wishes with respect to deployment. In the absence of clearly expressed German willingness, it is difficult to imagine how there can possibly be discussion on the peacetime basing of French tactical nuclear--fission or neutron--weapons on German soil. There would be no point in a Franco-German repetition of American-German misunderstandings over the basing of U.S. neutron weapons or Pershing missiles.

Furthermore, inviting our German partners to ask themselves these questions could largely desensitize their "nuclear complex" stemming from the conflict between security requirements (targeting enemy forces) and the fact of not being responsible for the conditions making it possible to meet those requirements. In fact, the early stage of this process of catharsis and clarification can be seen on the German side in the statements of Messrs. Schmidt, Todenhoefer, and others. Yet is such a program undertaken by government officials not liable to degenerate, even if ideally conducted with utmost discretion? That is a possibility, and we believe precautions should be taken at the outset. Neither the Germans nor the French should lose sight of the assigned goal which is to strengthen mutual deterrence, and not to become lost in arguing about weapons employment. All discussion must deal with deterrence and not the battle.

Our proposal is still less ambitious than the one recently advanced by Ambassador Francois de Rose.⁹ He advocated formation of a Franco-German nuclear group patterned after the NATO Nuclear Planning Group (NPG). The more modest dimension of our proposal is warranted by the difference between the French doctrine--wherein the tactical nuclear capability is directly connected to the strategic nuclear capability--and NATO plans wherein

tactical nuclear weapons can be employed literally as nuclear artillery. The resultant degree of sensitivity and the requirements of the nuclear dialogue between "the weak and the strong" make this NATO approach hardly conceivable for a France keenly desirous of maintaining the coherence and credibility of its doctrine of deterrence. Likewise, it would be dangerous for the FRG to want to be astride two different strategies. The FRG would quarrel either with NATO--which would not understand the absence of coordination between the NPG and a similar Franco-German group--or with France--which could not agree to the existence of such coordination that would pervert its own doctrine--or probably with both NATO and France at one and the same time.

Long-Term Action

Changes from the status quo should constitute the first steps toward Franco-German agreement on nuclear matters, and also be the starting point for achieving increased complementarity between Germany's concerns--fear of war on its soil--and the contribution to France's and Europe's security which existence of the French deterrent force represents.

Two factors can come into play at this point. The first is the impact of technological advances. This last part of the century is witnessing an extraordinary increase in the accuracy of delivery systems, regardless of whether they carry nuclear or conventional warheads and are short-or long-range vehicles. This development can have such an impact on France as to require an upgrading of the components of our nuclear arsenal. As a matter of fact, it will become possible for an enemy to deliver disarming counterforce strikes upon our territory without even hitting our civilian population. Conversely, these same technologies will enable us to plan the same type of counterforce response against the aggressor's troops in at least part of his territory. The effects of these developments will be felt in 10 or 15 years. In the meantime, the tactical nuclear warning delivered by French short-and medium-range weapons will remain the best way of responding to this type of aggression. This warning task will be assigned to the [air-launched] ASMP and [ground-launched] Hades systems, with the latter having the specific function of attacking large concentrations of moving targets. This capability may possibly be enhanced by the deployment of neutron weapons. This future feasibility of a retaliatory strike directly against the enemy's territory requires us to examine, as of now, whether this possible type of strike is in our best interest. After all, would it not be logical for us to destroy command posts and other installations in enemy territory by "surgical" strikes without hitting civilian populations, if the aggressor had already conducted the same kind of limited strike against us? This question will arise in any event during the 1990's when the Soviets will have produced and deployed delivery systems at least as accurate as the American Pershing 2, and even the American cruise missiles.

Potential French weapon systems capable of delivering this type of retaliatory strike are accessible to us through the extrapolation of programs designed for other purposes. These programs include: the SX [long-range nuclear mobile missile], provided its accuracy is enhanced to give it a counterforce

capability, and regardless of whether it is a ballistic or cruise missile; a suitably equipped and powered version of the future European twin-engine fighter aircraft; or possibly also the combination of a manned delivery system and an air-launched missile. At the current stage of research and development, none of these options can be considered closed. Hence consideration of their feasibility is still possible.

This new technical capability can also have a logical political application. A recurrent theme in German statements on the use of nuclear weapons is: "Those people on the other side of the Iron Curtain are Germans too," thereby implying that planning for nuclear strikes upon the GDR's territory is just as undesirable as planning for similar attacks upon the FRG's territory.

This aspiration could be extended to other East European countries. Indeed, if it were possible to deliver retaliatory strikes against the aggressor's military forces in their homeland, would it not, therefore, become conceivable to avoid wanting to put the aggressor's satellites to the sword? Poland, Hungary, or the GDR do not have to pay for the transgressions of their guardian.

This is obviously still a fanciful notion for the time being. Short-or medium-range tactical nuclear weapons remain indispensable because their mere existence compels the enemy to reduce the conventional effectiveness of his armored formations. But will this still be true in 20 years when vastly improved conventional weapons will constitute a similar threat to armored concentrations?

Nevertheless, even if the emerging technologies live up to the promises of their proponents, it will take a very long time before they are capable of playing an effective military role. In addition, the most effective counterforce strikes are probably those where the density of the aggressor's troop concentrations is greatest, in other words, relatively close to the contact zone instead of in the mother country's hinterland. In the French doctrine, the final warning must have this primarily political significance. But this still supposes a certain degree of military effectiveness that will physically compel the aggressor to pause.

If the French arsenal were to include a counterforce capability directed against the aggressor's homeland, that capability should not completely replace short-range systems but supplement them. In any case, this is what the basic rule of "detering uncertainty" would call for. The enemy must not have any assurance that his first echelon could under no circumstances ever be subjected to nuclear attack.

And yet, these objections are relative in both time and space. For instance, short-range tactical nuclear weapons are already losing their military importance. This is what is happening in NATO. Its stockpile of this type of weapon has declined from approximately 7,000 in 1979 to less than 5,000 over the next several years. This reduction is bringing the allied posture closer to ours, France having refused to deploy very short-range nuclear artillery. With its deployment of the Hades and ASMP, France will be even further

removed from "nuclear field artillery". Furthermore, the prospect of being able to deliver very accurate nuclear fire on vital rear-area military communications centers within the aggressor's territory, will permit establishment of consistency between a possible long-range counterforce capability and the exacting doctrine of "deterrence of the strong by the weak." To do this, however, France must allocate the necessary funds, even if this means slowing other programs.

Some of our German partners are pressing us to increase our contribution to Western Europe's conventional defense.¹⁰ This is understandable, particularly when we consider the serious manpower crisis the Bundeswehr will have to face during the post-baby-boom years from now to the end of the decade with a declining number of persons reaching military age annually. Our country has done a great deal to improve the capability of its forces to operate alongside the allied forces. The Rapid Action Force will be fully activated and organized in 1985. This will enable France to deploy, if necessary, an additional 47,000 men in the FRG and position them wherever there is the greatest need for their support. They will supplement the French First Army troops regularly stationed in the FRG. This reinforcement capability represents a considerable quantitative improvement. But France cannot be expected to do everything. Like the FRG, its military resources are limited. From a cost-effectiveness standpoint, the existence and modernization of the French nuclear deterrent forces are probably worth more to the Alliance's security than a marginal increase in outlays for conventional forces which already account, on an average, for 80 percent of French defense appropriations.

Conclusion

The possibility of giving the French nuclear arsenal a long-range counterforce capability for use in a final warning role comparable to the one currently assigned to tactical nuclear weapons, is certainly worthy of thorough study from a technical and theoretical standpoint.

If such a course of action should prove possible and desirable in the light of imperative security requirements, it would constitute a valuable complement to any policy designed to transcend the state of affairs inherited from the Yalta Conference--the division of Europe and the subjugation of some of its nations--without jeopardizing the alliances that have secured our peace for more than 30 years.

While waiting for this prospect of a "post-Yalta" to materialize, our countries will be condemned to pursue an inch-by inch policy (*politique a petits pas*), for that is the only way of moving forward in matters affecting European security. Inordinately ambitious proposals end at best in quiet abandonment, or at worst in exasperation about a rigidified status quo. Thus the approach taken by France and the FRG since 1982 is exemplary, with both partners agreeing to progress pragmatically.

FOOTNOTES

1. Paragraph 1, Article I, Defense Section of the Elysee Treaty.
2. The WEU Permanent Council unanimously approved cancellation of these restrictions on 27 June 1984.
3. See statements by Messrs. Todenhoefer (DIE WELT, 17 April 1983) and Dregger in April 1984; by Helmut Schmidt in May 1984 (Interview with EVANGELISCHE KOMMENTARE, Stuttgart, 1984): "France should extend the protection of its nuclear strike force to FRG territory without the FRG having the right to oversee its possible employment."
4. This is the heading of one of the chapter's in General Etienne Copel's recent book, "Vaincre la guerre" [Overcome War], Paris, Editions Lieu Commun, 1984.
5. Speech by Franz-Josef Strauss in Munich, 8 April 1984.
6. See Lothar Ruehl, "La politique militaire de la V^e Republique" [Military Policy of the Fifth Republic], Paris, Presses de la Fondation nationale des sciences politiques, 1976.
7. In this issue of POLITIQUE ETRANGERE, see Jacques Chirac's speech on "France's Role in East-West Relations", to the IFRI [(?) French Institute of International Relations], 21 May 1984.
8. Michel Tatu, "La bataille des euromissiles" [Euromissiles Battle], Paris, Fondation pour les etudes de defense nationale/Le Seuil, 1983.
9. LE MONDE, 30 May 1984.
10. Helmut Schmidt's statement of 28 June 1984.

8041

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MILITARY

EUROPEAN AFFAIRS

NORWEGIAN, SWEDISH AIR FORCES FACE PILOT SHORTAGES

Norwegian Inspector General Comments

Oslo AFTENPOTEN in Norwegian 13 Feb 85 p 30

/Article by Liv Hegna/

/Text/ The Defense Department is very much concerned about the Norwegian Air Force pilot crisis, and the matter was discussed at a department head meeting last Tuesday. The Supreme Military Command is expected to submit a report today on the chief consequences of the pilot crisis, particularly considering that SAS has raised the age of admission to 34 years. Press spokesman Erik Senstad said: "This means that the Air Force will be losing the pilots it is most interested in keeping." Air Force Inspector General Maj Gen Magne T. Sorensen said: "Salaries and social conditions are vitally important.

"The esprit de corps among our pilots is the very best. Factors like the prospect of considerably higher salaries, a permanent residence, the opportunity for a spouse to find work and for the children to attend the same school throughout are extremely important to our pilots. In this respect, SAS can offer better conditions than can the Norwegian Air Force," said the inspector general.

"To some extent, the navy has the same problem vis-a-vis the oil industry. It is losing good people because the civilian sector can offer them better conditions. Do you think this will be taken into consideration in determining whether to give air force pilots special privileges or benefits?"

"I am aware that there are differing views on how to solve the pilot crisis. But everybody agrees that we are faced with an acute pilot crisis in the air force," said Sorensen.

It is a known fact in pilot circles that the air force and the civilian airlines cooperate extensively with respect to air force personnel that join these airlines. Major General Sorensen said that this cooperation concerns information about individual pilots' qualifications, but he said he was not aware of any "secret negotiations" between the air force and the civilian airlines as to which air force employees would change over to the civilian sector.

A few years ago, the air force raised the service requirement after training a pilot; today he has to serve 8 years, compared to 6 years earlier.

"If the service requirement were abolished, would civilian airlines hire the very young pilots and let the air force keep the most experienced ones?"

"There is quite a bit of controversy about the required period of service. If we were to reduce this period, it remains an open question as to whether we could keep the most experienced pilots. In Sweden there is no service requirement, but they, too, are faced with the same problem vis-a-vis the civilian airlines," said the major general.

In response to the question whether it is very important that pilots have top F-16 experience, considering that these fighter planes are not yet equipped with the air-to-air missiles they are supposed to have and that it will be another few years before these weapons are in place, Major General Sorensen said:

"The Penguin missiles will be available in a couple of years. Furthermore, we are considering self-targeted air-to-air missiles, having a greater range than today's missiles. This will all be evaluated. However, acquiring such weapons will not change the demands on F-16 pilots; the demands on them are just as great today without these weapons. Moreover, the pilot crisis does not only apply to fighter pilots; transport, reconnaissance and helicopter pilots are also being "bought" by the civilian airlines," said Sorensen.

Swedes Appropriate Crisis Aid

Oslo AFTENPOSTEN in Norwegian 13 Feb 85 p 30

/Text/ Sweden has decided on economic crisis aid to stem the flight of pilots from the Swedish Air Force. An appropriation of 5.9 million kroner will be used to increase the salaries of some 400 key personnel and squadron commanders, which figures out to a raise of about 1,500 kroner each. AFTENPOSTEN was told by the general military staff in Stockholm that it hopes this will reduce the flight of pilots in connection with the upcoming SAS pilot recruitment.

It was also pointed out to AFTENPOSTEN that a Study Committee has submitted a report, which is now being debated. The Study Committee viewed the pilot crisis from a broader perspective, taking into account the shorter flight time, social conditions, wage issues, career plans and the other long-term problems the Swedish Air Force feels it is faced with. The salary increase for some 400 squadron commanders and other key personnel is a short-term measure, which only applies to those who "are most vulnerable to the market forces," as the general military staff expressed it.

The final report is expected to be ready in April. The general military staff said that it considers the shorter flight time per individual pilot to be a safety-related problem: "The individual pilot simply does not get sufficient training to adjust to the capacity of the various planes."

8952

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MILITARY

FEDERAL REPUBLIC OF GERMANY

SPD SPOKESMAN URGES CAUTION ON SECURITY LINKAGE WITH FRANCE

Hamburg DER SPIEGEL in German 18 Feb 85 pp 112-113

[Article by Hermann Scheer, SPD Bundestag deputy, member of Bundestag defense committee and of WEU Parliamentary Assembly's defense and arms control committee: "Preprogrammed Disintegration"]

[Text] For some months now, political debate in the FRG has focused on close Franco-German cooperation as a key element of an authentic West European security policy to assure the "self-preservation of Europe," as Horst Ehmke has put it.

In Helmut Schmidt's view, the "time is ripe for a Franco-German security initiative" in which France's nuclear weapons also take over a deterrent function on behalf of the FRG while Bonn contributes its financial strength for the purpose of strengthening the common conventional component.

And as far as Helmut Kohl is concerned, there is "no alternative" to the Franco-German marriage of security. The inevitable result of this type of narrow thinking is a long list of new joint arms projects.

As much as Western Europe needs a self-confident security policy of its own, there is some question about whether exclusive Franco-German cooperation is the proper and realistic way to go about creating a Europeanization of defense. If that Europeanization starts out at the very points where the doctrines inside Western Europe diverge most, then the risk of failure is correspondingly large.

Just how absurd the idea of an alliance within the alliance really is came out most recently at the WEHRKUNDE debate in Munich which dealt with the American plans to develop a missile defense system in space. While the Germans wish to play a part in the research efforts, the French have come out against the project. They are afraid that the nuclear deterrent function of their "force de frappe" would be superseded by it. And when French Defense Minister Charles Hernu was asked why French nuclear missiles are programmed to hit German targets, all he could think of saying was: "Russian missiles are also targeted on Germany."

For the FRG, this Francophile solution involves the additional risk of not being able to shed the role of a security policy object which characterizes the relationship between the superpower America and the smaller NATO countries—in spite of the high political and financial price she would have to pay for it.

There is no way of telling whether France will assume a nuclear deterrence guarantee on the FRG's behalf. But if she really is willing to do so, then it would be in a manner unacceptable to us.

While the platforms of both the CDU/CSU and the SPD call for a reduction and/or removal of tactical nuclear weapons, France is continuing to build up its tactical nuclear **capability** and domestic consensus concerning the introduction of the neutron weapon is on the verge of being achieved in Paris. While there is increasing support for shifting the focus to conventional defense in our country, French actions point in the opposite direction.

And as far as the ever more urgent need for controlling nuclear armaments is concerned, the Paris government is keeping its distance. **France is the** the only West European nation not to have signed the non-proliferation treaty or the nuclear test ban treaty, which at least prohibits nuclear testing in the **earth's** atmosphere.

As regards arms exports, we are in favor of a restrictive policy while France, for its part, is pursuing an expansive policy—not only because of economic interests but also in order to exert influence internationally; most of all in the Near East and in Africa.

Thus far, no other NATO partner is paying as little attention as France to the debate within the Western alliance on **reforming defenses and armaments**. In their excessively hysterical threat philosophy, some major French political circles are virtually indistinguishable from the American conservatives and even louder voices are raised in Paris than in Washington concerning the alleged dangers of German pacifism.

Given this present situation, it can hardly be overlooked that Bonn's contribution to a Franco-German security bridge would merely consist of helping to finance surveillance technologies (such as satellites) to serve the French nuclear force, which France herself is unable to pay for. Increased costs for conventional armaments and for joint arms projects—some of which we no longer need—will place an additional burden on us.

Even CDU/CSU deputies begin to worry when they consider how much all this might still cost us. In addition, the other WEU member states are becoming increasingly worried about being drawn into the vortex of such an influential special Franco-German relationship in the security policy sector.

Given these divergencies, we are left with only two alternatives: to tie the FRG all too closely to French security policy (which is something we cannot aspire to) or to burden the incipient Franco-German relationship with these differences which would be tantamount to preprogramming the disintegration of such an alliance.

For this reason it is necessary to look for more appropriate approaches to a Europeanized security policy—which do call for cooperation with France while doing away with the exclusivity being practiced at this time.

We must assign priority to those efforts which take account of the common problems of the non-nuclear states of Western Europe because no good can come of the FRG—which is not and does not want to be a nuclear power—becoming an integral part of the security structure built by a nuclear power.

What we need first of all is a coordinated initiative, jointly with Belgium and the Netherlands, which helps diminish the military importance assigned to nuclear weapons which constitute a self-imposed threat to the countries of Central Europe. This applies first of all to the removal of those weapons which can be used as both nuclear and conventional weapons because these dual capable weapons lower the nuclear threshold substantially.

We must join with those of our West European partners whose ground and air forces are under the NATO command or who maintain troops on German soil (such as the Dutch, the Belgians, the British—as well as the French) to obtain a decision against the long range interdiction weapons which might very quickly sound the death knell for European detente.

It would make sense to orbit a West European reconnaissance satellite which helped us in developing our own disarmament and arms control policies which would turn us from spectators at the Soviet-American negotiations to actors with a voice of our own. The precondition for it would be sponsorship of at least all the WEU countries and not merely of France and Germany.

Nor does the political rationale for an exclusive Franco-German security partnership get us very far—namely the contention that only the joint potential influence of two large countries can really pave the way toward a common security policy for Europe. In his Bundestag speech on 28 June 1984 Helmut Schmidt noted that Great Britain is "probably taking a wait-and-see attitude" vis-a-vis the Franco-German initiative.

But for a variety of reasons Great Britain must not become a second-rate partner in any new European initiative. For that matter, joint British-German undertakings make more sense for us than Franco-German ones.

In the medium term, the reform of defense structures and the elimination of American reservations is more likely together with Great Britain-- whose Army of the Rhine is virtually indispensable to conventional defense of Central Europe in case of a reduction in American forces. For another thing, the strongest emphasis on the European pillar of NATO is more likely with Great Britain (fully integrated into the alliance) than with France which has long since quit the military organization.

Among the three Western nuclear powers the British were the ones as a rule who gave evidence of the greatest willingness to control nuclear arms. As an Atlantic mediator in dealings with the United States Great Britain is both politically and psychologically irreplaceable particularly whenever European-American tensions are on the rise. And in the military division of labor scheme of things in Europe the job of securing the open seas is unthinkable without Great Britain.

In contrast to France, the domestic political signals in Great Britain have been pointing to the left since the emergence of Neil Kinnock. The new defense program adopted by the Labour Party executive in August 1984 is a balanced program of defensive deterrence which meets Central European requirements. Like the resolution adopted by the SPD party congress, it calls for a de-nuclearization of the Central European battlefield and comes out against offensive structures. And Great Britain is to set an example by instituting an immediate freeze on the production of strategic nuclear arms.

This hand outstretched toward the European continent must be grasped by anyone who wishes to conduct German security policy in the future and who wishes to keep us from simply exchanging one cul-de-sac for another.

Of course the Bonn government would offend France, if it were to take up this British option. The short-term consequence of this would be to place a burden on Franco-German cooperation which the French would like to move in entirely different directions. In the medium term, however, the French are likely to obtain advantages from a broader-based European security policy rather than that the other partners would be prepared to settle for a Bonn-Paris military axis.

9478

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MILITARY

FEDERAL REPUBLIC OF GERMANY

DESIGN CONCEPT OF PAH-2 ANTITANK HELICOPTER CHALLENGED

Bonn WEHRTECHNIK in German Feb 85 p 24

[Article by Lt Col Wolfgang Baeder: "Experiences with PAH in Action"]

[Text] How does a weapon system prove itself in use by the armed forces? This question is of great interest to both soldiers and industry, to include especially the use of experiences in developing a new weapon system. Lt Col Wolfgang Baeder, squadron leader of the 2nd/261st flight detachment in Roth discusses in the following article some of experiences with the PAH-1 which partly contradict some of the plans for the PAH-2, such as cockpit configuration of outfitting with defensive weapons.

In an article in WEHRTECHNIK 5/82 concerning the use of the antitank helicopter (PAH) during the "Sharp Blade" exercise, Lt Col Istvan Csoboth concluded with a quote from the Reichswehr regulation "Troop Leadership": "Only the simple will succeed in war. But it is usually difficult to recognize the simple." This can readily be applied to experiences made with the PAH which--as far as a preparation and execution of PAH missions was concerned--were the same during the large-scale exercises "Sharp Blade 81" and "Nimble Hedgehog 84."

The realization that the PAH is not merely the [personal] "hammer" of the commanding general--and thus "merely a reserve"--has in the meantime even found its way into the regulations. Every troop commander requests an early use of the PAH (i.e., from the outbreak of conflict) so as to inflict substantial tank losses on the numerically superior, mechanized enemy combat units, so that the relation of forces at the beginning of defensive operations will be more favorable. In certain cases, PAH can also be used to provide security for deployment of major units from unfavorable peacetime emplacements.

Allocation of a squadron with three companies of PAH to a division was already a proven concept during the 84 maneuvers. The immediate cooperation with the brigade(s) during the delay, defense (forcing a halt deep in the battlefield) and counterattack proved that combat support by PAH is in good shape with the major units of II Corps!

The concentration of the PAHs of the two flying squadrons (six companies) under one commander has shown that direct command is no longer possible due to the size of the battlefield (width of a division about 60 km) and the large number of PAHs. The division into a single area of responsibility per squadron and the immediate leadership of the squadron commander led to corresponding success.

Lt Col Csoboth writes in his abovementioned article, "It may also be necessary to defend against enemy infantry when PAHs come into contact during combat reconnaissance or airmobile operations.

The enemy should at least be suppressed by secondary weapons, so that withdrawal can be made." This missing armament--something realized already in 1982--has been the great disadvantage of the PAH-1 in all the exercises in which PAHs participated, especially "Nimble Hedgehog." In almost every combat situation the PAHs on their initial missions encountered enemy while securing the flanks and while in action behind friendly lines, even after a thorough situation briefing by the combat force. Considering the range and strength of Warsaw Pact reconnaissance forces it is of utmost importance that the situation is remedied. Enemy attack helicopters or the Hind gunship are not, as is often erroneously assumed, the main enemies of the PAH. An unexpected infantryman, with or without a combat vehicle, represents a great danger. For this reason it is less important that the PAH receives an antitank/air-to-air rocket weapons mix than a small-caliber, rapid-fire machinegun with a simple aiming device (pilot helmet visor) to suppress enemy infantry. Any antitank missile with increased angle and air speed is suitable to destroy enemy attack or combat helicopters.

In all PAH missions the seating arrangement--pilot and commander next to each other--has worked excellently. Not only can the pilot look at the chief's map and move independently into position while the chief is already observing, but portions of radio messages can immediately be followed by the helicopter pilot without relay by the chief. A tandem arrangement would cause considerable additional difficulties to the rapid action by the small combat team, something that no conceivable advantage can justify.

The traditional tandem configuration pilot/gunner was the result of the American Huey Cobra on a quite different battleground. In Vietnam the AH-1 was designed to suppress an infantry-heavy enemy during the landing of airmobile units. A narrow silhouette was the correct solution to avoid enemy detection. The width of the silhouette is of no importance in the case of an air defense-heavy enemy having radar detection and acquisition capability, since the moving rotor produces a characteristic signature.

The helicopter weapon platform is unprotected and survives by avoiding enemy fire through its flight pattern between obstacles and behind cover. The characteristics of helicopter armaments (range overlap, rapid flight of defensive rockets, secondary weapons) contribute to this in a high degree. In the case of modern detection devices it will be difficult for

the PAH-1 to avoid them for lengthy periods, although its roof visor affords good opportunities to search for cover. Frontally mounted visors/sensors are contrary to all experiences and all research done in this field. Consideration of night (inclement weather) fighting ability of the antitank helicopter is of intimate concern here.

The problem does not lie in the possibilities of sensor and weapon development, but in the fact that this PAH must approach and take up position between and not a little above obstacles. As long as there are no technical means to point the eye of the helicopter pilot at night to every obstacle at a distance that allows him to react, a compromise should be pursued, i.e., visual flight in poor visibility and shooting at great distances with appropriate sensors.

Even the currently most combat-ready Western helicopter, the AH-64 Apache, is from that point of view not the latest stage of development with its frontally mounted TADS/PNVS. But, first of all, the Apache is not a purely antitank helicopter, second, its armament permits excellent "self-defense," and third, it is not only designed for a possible European battlefield against an opponent heavy in air defense means. Last but not least, it should be remembered that the Americans are also experimenting with mast visors/sensors.

The use of helicopters in an antitank role is only possible as long as the opponent is unable to destroy the unprotected weapons platform by observer-controlled fire that can be requested immediately. By the end of the century the solution could be a liaison and observation helicopter as a successor to the PAH that will illuminate the target and thus direct projectiles in their final flight phase directly to the target.

Savings in weight obtained by abandoning the primary armaments (PARS and air-to-air rockets, etc.) could then be used for appropriate defense against small-caliber weapons fire and grenade shrapnel. A secondary armament for suppression, however, will be necessary at that time as well.

9240

C30: 3620/269

MILITARY

NORWAY

GENERAL DESCRIBES ARMED FORCES' PROCUREMENT PRIORITIES

Oslo AFTENPOSTEN in Norwegian 5 Feb 85 p 20

[Article by Olav Trygge Storvik: "No New Guns Before the Next Century"]

[Text] Anti-aircraft defense has the highest priority among the armed forces' procurement projects, and in this area a major effort is taking place, asserted Master General of Ordnance Karsten A. Kristiansen in an address to the Oslo Military Society on Monday evening.

There will be no new hand-weapons in the foreseeable future. Even if many NATO countries have gone to the new 5.56 calibres, this is of no current interest to Norway. On the other hand, new weapons developments using caseless ammunition will be closely followed. If this development makes good on its promise, after the turn of the century, light and simple hand-weapons will be purchased. Ostensibly these will cost no more than today's generation of weapons. In the interim, Norway will manage with the AG-3 and whatever else is available.

The growing helicopter threat has brought to the fore present plans for a better anti-aircraft defense. Improved ammunition for the old 12.7-millimeter machine guns and 20-millimeter anti-aircraft guns has produced a significantly increased effect against helicopters, but also against ground targets. There is still the anti-aircraft missile which is the chief weapon against airborne targets. With the purchase of the Swedish system, "Robot 70" and the corresponding GIRAFF radar, a third of the armed forces' requirement is met. But this missile cannot be used at night, and the radar has limitations whose correction is now being sought in a joint operation with Ericsson Radio Systems.

An improved radar system will be developed with the fire-control system placed on personnel carriers so that the radar gets better mobility and can maintain a steady operation over hilly terrain. Still, there remains the purchase of anti-aircraft systems for the other two-thirds of the army's division, and in the course of the year a decision will be made about which system should be selected.

When it comes to field artillery, one of the army's chief weapons, Kristiansen reminded us that the lion's share consists of pre-war technology, towed cannon of 105-millimeter calibre and with a range of 10 kilometers, which had been built in 1930. Neither do the newest parts of the arsenal, automatic 155-millimeter howitzers, procured around 1970, satisfy today's need for range. But here improvements are under way, among other things, improved ammunition and the modernization of cannon barrels, which lengthen the artillery's range to 24-30 kilometers. On the electronic side, in the meantime, there is much good to mention, including the Norwegian-developed fire-control system, ODIN.

The armed forces have also become more interested in anti-tank defense, as little by little the armour-plating in these combat vehicles has improved and become more difficult to penetrate. Technologically, however, there is no chance in sight of coming up with a light, portable, anti-tank weapon which can penetrate the front panel in modern tanks, thought Kristiansen.

12723

CSO: 3639/75

MILITARY

NORWAY

AIR FORCE ORDERS COMMUNICATIONS EQUIPMENT FOR HAWK SYSTEMS

Oslo AFTENPOSTEN in Norwegian 7 Feb 85 p 20

[Text] EB Defense has entered into an 80-million kroner contract with the Air Force Supply Command (LFK) for the delivery of the communications component in the Norwegian HAWK anti-aircraft system NOAH. The communications system, which is marketed by EB under the name Deltamobile, is a digital, service-integrated system. It was developed according to prevailing NATO specifications and provides voice, low- and high-speed data communication, single-channel radio traffic and the like simultaneously.

Connections within the network are effected either by multi-channel radio or by fiber optics.

Deltamobile or parts thereof are already operative in several countries and is regarded as the most modern system in tactical communications. In order to meet the special requirements of the Air Force, EB has implemented new system-solutions which include patented state-of-the-art technology.

EB has also, as the only such company, been asked to offer a complete communications solution for a HAWK-system to another NATO country. The contract is expected to be concluded here in the second half of 1985.

EB Scanword has entered into an agreement to deliver small and intermediate sized digital exchanges to Televerket. "There is talk of deliveries worth easily 50 million kroner per year," says Director Per Fjell of EB Scanword.

12723

CSO: 3639/75

MILITARY

NORWAY

GOVERNMENT, AWACS SECTION CHIEF ON PLANS FOR PLANES' USE

Oslo AFTENPOSTEN in Norwegian 5 Mar 85 p 7

[Article by Liv Hegna]

[Text] NATO's surveillance aircraft, the E3A or AWACS planes as they are usually called, will fly on a fixed unannounced "route" out of Orland Air Base. Undersecretary Oddmund Hammerstad of the Defense Ministry disclosed this to AFTENPOSTEN. He stated that Storting will be briefed on the experiences from these flights by summer. "After that we will evaluate future plans," said Hammerstad.

Undersecretary Hammerstad said that the 18 E3A planes NATO is acquiring could enable emergency measures to go into effect at an earlier time than previously if the situation demands, but that the main task for the surveillance planes in peacetime is to let us know that we have nothing to fear.

"It is for that reason that I think it would be an advantage if the Soviet Union gets a surveillance plane that is as good as NATO's some day. To help us avoid dramatic events and unintentional escalation is a major objective for the tasks of these planes," said undersecretary Oddmund Hammerstad.

There are close to 40 Norwegians at home and abroad working on the AWACS project, which might be called NATO's own air force. Norway pays 28 million kroner annually in operating costs. That is 1.6 percent of the budget. In return it is suggested that Norway be assigned about 10 percent of the flight time after all the planes have been put into service. The last of the 18 planes will be delivered this June from the Boeing factory in Seattle in the United States. Supplying the planes with computer bases and electronic surveillance equipment will take place at the Dornier factories outside Munich, West Germany.

When NATO planes fly over northern regions steps will be taken to make sure that they abide by Norway's self-imposed restrictions about not flying east of the 24th degree of longitude. The planes are entirely stripped of weapons but are still regarded as purely military aircraft. This restriction on military flights was imposed to preserve a low level of tension in northern regions.

Twelve of the 18 planes will be stationed at the main base in Geilenkirchen, West Germany. In addition to Orland the remaining planes will fly out of the advanced bases on NATO's southern flank: Konya in Turkey, Preveza in Greece and Trapani in Italy. Because of Norway's base policy, foreign troops are not allowed to be stationed at Orland Air Base, which is used by the AWACS planes on their northern flights. The 12 men who make up the ground crew at Orland are all Norwegians.

The AWACS section chief at Orland, Major Otto Westvang, told AFTENPOSTEN that Norwegian military authorities have not yet made plans for operative use of the AWACS planes in cooperation with navy vessels. Westvang said it could prove useful to place AWACS planes a few miles ahead of a group of ships at sea in order to "clean up" the air space in front of the force. Another possibility would be to use the AWACS planes in cooperation with Norwegian Orion planes which are used for submarine surveillance. The capacity of the E3A planes is great. The higher they fly the farther they can "see." There is nothing that escapes these planes' attention whether it is moving through the air or all the way down on the ground, he said.

One improvement that they have already decided to make in the AWACS planes is in their ability to distinguish between our own planes and other planes moving through the air. The new radar identification system will be installed in the planes very soon.

6578

CSO: 3639/90

MILITARY

NORWAY

ADDITIONAL DETAILS ON HALTING BULGARIAN AIRLINE FLIGHTS TO NORTH

Zurich NEUE ZUERCHER ZEITUNG in German 7 Feb 85 p 4

[Article: "Combatting Eastern Espionage in Norway: Closing International Airports"]

[Text] The Norwegian Ministry for Transport has been investigating, for half a year, what measures can be taken to limit the damaging effects of electronic espionage by East European civilian aircraft, without violating valid treaties concerning landing rights. The government's just recently announced decision to close a number of international airports, which also serve as military installations, to all East European lines, or to flights that have not been specially approved, will come into effect on 1 January 1986. This suggests, on the one hand, that they do not view the danger of "spying runs" over military installations by passenger planes as exceedingly great. On the other hand, the delayed implementation of this measure is an expression of the Norwegian correctness in dealing with the East, which sometimes seems almost exaggerated. Thirdly, government circles emphasize that one cannot "rob" the northern Norwegians out of hand of the cheap flights to the Black Sea that the Bulgarian companies offer; increased restraint by the responsible civil authorities in approving such charter arrangements is, however, needed. The northern airport of Tromso, they say, has been available for these flights for a long time.

Civilian and Military Airports In One

The problem arose in the first place only because there are numerous international airports in Norway, along with national ones, that are also used by the Norwegian air force and by NATO. Militarily important airports, which also serve civilian traffic, like Bardufoss and Andenes, have long been open only to civilian traffic from Norway and the NATO countries; recently now, Evenes, and the central airport, Bodo, have been closed to airplanes from the East. Not only, however, is Fornebu near Oslo still open to East European airlines, as was to read in news agency reports, but also other up till now international airports, like Bergen, Stavanger, Tromso. Starting next year, planes from East Europe will be able to land at five smaller, but still militarily important airports that used to be open only after applying for a special permit, against the granting of which the appropriate military authorities will be able to exercise a veto.

The best known example of a military installation that also serves as an international civilian airport is the American base on Iceland near Reykjavik, where one can see Orion reconnaissance planes and countless modern interceptors on the ground when landing and taking off. In Iceland, the opposition seems to be working primarily with spy buoys, after a large listening installation in a crater lake was discovered in the seventies.

With regard to the Norwegians' hesitation to enforce military secrecy with bans, one cannot ignore the consideration that they are a geographically disadvantaged population group: the rugged, huge northern third of the country is hardly accessible by road and not all by railroad; alongside ships, only the airplane remains for rapid transport. In the times before the oil boom, the budget planners were accustomed to putting the military's wishes for their own airfields in last place by pointing out the tight state finances and because of the priority given to the social sectors. In the thinly settled regions of central and northern Norway, most of the runways serve military as well as civilian traffic; in some cases, constructing two airfields is scarcely possible, since there is barely space for one on the suitable spits of land before the cliffs of the fjords.

Tourism As Cover

The decision to close additional airports to planes from the East is not entirely unexpected. For two years, Bulgar Air with its travel agency Artic Express has been arranging large charter programs for sun-hungry northern Norwegians, which always originated from militarily important international airports. And last summer, the Bulgarian airline, Balkan Air, together with a local travel agency organized, on short notice, charter flights to the Black Sea from Bodo in northern Norway instead of flying into Tromso, which is equally suitable for the purposes of tourism. Bodo is not only the largest regional civilian and military airport, but also a base for COMMON, the Nato command for northern Norway, and so especially interesting for espionage activities of all sorts.

The Bulgarians allegedly took their "extra passes" over the COMMON installations close to the airport which, along with other intelligence agency findings, strengthened the suspicion of espionage; according to Norwegian reports, Soviet passenger planes were not involved in such activities, as corresponds to the "division of labor" in the East bloc. In informed circles, it is said that an increase in electronic intelligence activities by East European passenger planes has recently been confirmed in all NATO countries. That Oslo did not react sooner, even though electronic espionage by civilian planes is nothing new, has to do with the fact that they previously did not want to take action in individual incidents that they did not consider very serious; furthermore, an acceptable ordinance was supposed to be worked out, which would take the differing interests of the transport and defense ministries into account. That quite a bit of time has already slipped by, and still more is going to, until the matter is under control apparently does not meet with any public criticism.

Before the Start of the Treholt Trial

In Oslo, a negative answer was given to the question of whether or not Arne Treholt, the deputy press chief of the Ministry of Exterior who was arrested as a KGB spy a year ago, had given the Soviets information that would make spying with passenger planes seem more attractive to them. Treholt's trial will begin at the end of February. Today, the principal charges were made public. They are: contacts with the Soviet intelligence agency from 1974 until his arrest a year ago and with the Iraqi intelligence agency from 1981 to 1983; delivering secret information in return for payment during his time as permanent secretary and deputy press chief, as well as during specialized courses at the defense academy. As private and permanent secretary to Shipping Minister Evensen, Treholt participated in negotiations concerning the "gray zone" in the Barents Sea continental shelf; among other things, the court will have to judge whether or not he sat, as a KGB agent, on both sides of the negotiation table.

Treholt was shadowed, during the last four years of his activity, after other high officers suspected of being "moles" had been watched without success. After the arrest, his role as an "influence agent" in the Nordic social democracies was debated by the media, because a speech that he wrote for his chief and protector Evensen, had reignited the discussion of a nuclear-free zone in 1980. Together with deputy party chief Forde, Treholt was an active proponent of a neutral security policy in the Labor Party. Such activities cannot, of course, be judged by the court. The maximum punishment for all the charges is 20 years in prison.

12507

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MILITARY

PORTUGAL

CONTEX-851 MANEUVERS SHOW POSITIVE RESULTS

Lisbon A TARDE in Portuguese 18 Feb 85 p 5

[Text] Captain Gomes Teixeira has reported that the Portuguese naval force participating in Contex-851 tested all of its capabilities with the sophisticated equipment of the Dutch navy and the air forces of France, the United States and the Federal Republic of Germany.

The commander of the naval force involved in the Contex-851 exercise regarded as positive the first of the six national and international exercises that will be training the Portuguese naval force during 1985.

The officer stressed that the crews "were able to remain at sea for two weeks under adverse weather conditions" and "were capable of performing their assignments."

Gomes Teixeira emphasized as well the successful completion of an exercise carried out by the fleet for the first time and consisting of the simulation of a situation involving two large ships carrying contraband on the sea.

The detachment of the naval force attempted to prevent these ships from entering Portuguese ports, capturing them and getting a search team through so it could enter the territorial waters.

The Portuguese air force (FAP) also participated in the exercises but did not make use of the A7 aircraft because of the bad weather, which also prevented other types of equipment from leaving land.

Contex-851 consisted of air and submarine exercises, maneuvers and movements, refueling at sea, electronic warfare, anti-submarine fire, towage and simulated surface battles with the Portuguese naval force, which was divided into two parts.

Anti-submarine exercises were also conducted with a plane from the German air force, firing at illuminating grenades, a surface exercise in which seven frigates and destroyers, a tanker and helicopters of the Dutch fleet met in face-to-face confrontation with six frigates and corvettes, a tanker and a submarine of the Portuguese fleet, as well as a plane from the Portuguese air force.

Gomes Teixeira, commander of the naval force, said that the exercise went off normally despite the fact that resources were substandard, a fact which led to the use of a force that was most suited to those which were the weakest.

The Contex-851 exercise, which began along the Portuguese coast on 4 February, ended last Friday.

8089

CSO: 3542/124

4 April 1985

MILITARY

PORTUGAL

BRIEFS

FRENCH PRESENCE IN AZORES DISCUSSED -- The French military presence on Flores and Santa Maria, islands of the Azores group, was discussed in Lisbon by delegations of the two countries concerned. According to a report issued by the general staff of the armed forces, the Luso-French commission "charged with supervising the implementation of the general agreement granting facilities to France for the maintenance of a missile tracking station in the autonomous region of the Azores," met from 11 to 14 February. The forthcoming activation of the new agreement signed on 3 April 1984 was also studied. The Portuguese delegation was presided over by Captain Azevedo Coutinho and included Renato de Moura, regional deputy appointed by the government of Mota Amaral. [Excerpt] [Lisbon O DIARIO in Portuguese 16 Feb 85 p 4] 8089

CSO: 3542/124

MILITARY

SWITZERLAND

DAENIKER VIEWS VARIOUS POSSIBLE MILITARY THREATS

Vienna OESTERREICHISCHE MILITAERISCHE ZEITSCHRIFT in German Vol 1 1985 pp 5-8

[Article by Divisional Commander Dr Gustav Daeniker, born 1928, author of several books on defense ("Strategie des Kleinstaates" [Small Country Strategy]; "Israels Dreifrontenkrieg" [Israel's War on Three Fronts]; "Warum Sie Nicht Siegten" [Why They Did Not Win]; "Europas Zukunft Sichern" [Securing Europe's Future]; "Antiterrorstrategie" [Antiterrorist Strategy]). Lecturer at Confederate Technical College. Responsible for the strategic and operational training of the Swiss Army: "'Threatening Scenarios' as Seen by the Swiss"]

[Text] Insertion in the Strategic Background

Swiss defense in general and, consequently, its military components, are a function of the so-called threat image. This is routinely set against Swiss defense objectives so that the appropriate defense measures may be derived therefrom.

Uncertainty is one of its main features. Though the threat image has some quite firm contours, constant for fairly long periods, it is also susceptible to rapid change. Moreover, the wish for secrecy and/or disinformation of all the actors plays a large part in this field. Not least we must also take technical breakthroughs into account.

Another characteristic is provided by the difference between actual and potential threats. The first may increase or decrease, the latter arises from the given possibilities and--secondarily--from the various strategic and defense strategic doctrines.

Switzerland has taken such differences into account in its official documents. The 1973 "Report on Switzerland's Defense Policy" outlines the official Swiss strategy in effect and classifies the threat in three strategic levels:

1. The conduct of indirect conflict (also known as covert warfare).
2. Conventional war.
3. War conducted by weapons of mass destruction.

The report further and emphatically points out that the possibility of blackmail must be taken into account on all these levels and, moreover, that even in the current state of relative peace, it is necessary for us to detect elements of danger.

While the aforementioned defense policy report tends to describe a theoretical threatening situation, documents published from time to time present it in far more concrete terms. Examples are the interim reports on defense policy, the so-called "Army models" and the documents on the "steps of Army development," which correspond to the various legislative terms.

This offers an opportunity to periodically draw the general public's attention to the defense situation and corresponds roughly to the White Papers of the Federal German Minister for Defense or the Annual Report by the U.S. Secretary of Defense.

Of course in Switzerland also all these publications are distinct from the secret studies regularly carried out within the group for general staff services as well as from the equally secret so-called "threat scenarios" repeatedly constructed for the training of the top civilian and military authorities. The latter are based on genuine threat images, but they primarily serve a predefined didactic purpose. They are designed to draw the attention of the persons in charge to potential courses of events and points of decision and, not least, to demonstrate that, even if the situation develops unfavorably, a small country still has some options available, provided it detects such options and uses them resolutely. In such scenarios, probability appropriately takes a back seat. By contrast, all kinds of elements of surprise are added, though care is taken to always maintain internal coherence.

A last prefatory remark: Consonant with its all-round defense policy objectives and strategic orientation (preservation of freedom of action, protection of the population, maintenance of the sovereign territory), Switzerland--unlike other small countries--distinguishes "defensible from nondefensible threats." It is aware that, against the background of modern weapons of mass destruction, its objectives in case the worst were to happen would have to be reclassified according to different priorities, but it does not disregard and certainly does not repress the notion of the possibility of overpowering threats.

A Threat at the Approach of Open Conflicts

Swiss defense policy recognizes a kind of "escalating ladder" of strategic cases or situations. Threats short of open war between states are involved in the case of strategic normalcy (in other words a time of relative peace) and in that of strategic crisis (that is in a situation of greater tension or serious troubles). Nevertheless, the Army takes very seriously this type of threat, arising from political and ideological principles and involving the most varied actors. To the extent that strategic stability can be maintained between the superpowers and military blocs (though this restricts freedom of

action in the nuclear and conventional sector), the aforementioned conduct of indirect conflict assumes increasing importance.

In addition it may be said to respond to our age because it is suitable not only for covert actions by superpowers within the framework of overall strategies but also as a weapon of terrorist groups, ethnic minorities or power crazy potentates. The weapons range from attempts at political-psychological influence by way of economic and financial measures, subversion and sabotage through strategic terrorism and, consequently, pinpointed or sectional use of force. In some circumstances, demonstrating crowds may be elements if infiltrated and radicalized by agitators.

The Army is observing this development with great attention, not least because the conduct of indirect conflicts is apt in case of rising tension to paralyze defense efforts or, upon transition to open warfare, seriously impair them. The main dangers visualized are the choking off of imports of important commodities not available in Switzerland and the arousal of alarm so as to isolate the authorities and damage or even break the popular will to resist.

Outbreak of War in Europe

At the moment any sudden aggression between the military blocs of Europe appears unlikely. Consequently Switzerland does not feel basically threatened by this type of menace. Nevertheless, in some circumstances one party may detect reasons for unleashing war. For example, a temporary superiority which seems to indicate the possibility of realizing political objectives by the use of force, or the conviction of needing to preempt an enemy attack. Weapons for strategic surprise attacks or "decapitation strikes" are certainly available.

While Switzerland is definitely not going to be the first, let alone the only target of such a strike, it might well be affected by long-range artillery fire, aerial warfare, surprise raids on the civilian-military infrastructure and strategic airborne assaults, but only secondarily by land attacks. The deployment required for the latter would provide so many communicative indications as to exclude the surprise factor.

Given Switzerland's specific geostrategic location, a particular feature stands revealed in this connection: The sudden outbreak of war, necessarily involving fewer forces, appears less dangerous than a long prepared major attack by all available forces. In the first case, the commitment of forces is unlikely to be enough to include Switzerland in operations, too; in the second instance, though, the Swiss Army would have more time for mobilization and combat preparation.

Threat in Case of the Defense of Neutrality

Another threat situation specific to Switzerland may arise from open warfare in Europe without direct attack on Switzerland. As long as the opposing parties are roughly in balance, there is a persistent danger that they may try to outflank the opponent by marching through Swiss space. Should Switzerland

be entirely surrounded by a single warring party, it may in some circumstances be threatened by concentrated attack. Here also it is not a matter of probability but of possibility. Modern Swiss history knows examples of both variants, so that all available indications of any geostrategic changes liable to result in another such situation are observed with minute attention.

Even if Switzerland were not to be attacked in this situation, it would have to reckon with the hardships resulting from the warring surroundings. Disregarding the direct effects of such a conflict, we would have to expect overflights, bombing, border violations, and so on. In some circumstances a costly process of attrition might persist for a long time.

To be mentioned in particular is the pressure that the warring parties may exert on Switzerland with regard to the granting of overflight and march through rights. Problems of international law as well as defense will have to be resolved in this context and also with respect to possible overflights by cruise missiles.

Swiss Involvement in Engagements

Switzerland devotes close attention to the analysis of a possible commitment of hostile forces from the aspect of dimensions and quality. Possible threats from hostile forces include:

- Aerial warfare exclusively, including long-range fire,
- Tangential violations of Swiss sovereign territory without direct attack on Switzerland,
- Attempts to march through central Switzerland or across the Alps,
- Attack with the objective of destroying Swiss military forces and subjugate Switzerland.

Respecting all these variants and subvariants, Switzerland takes into account all available weapons with which modern armies are equipped. It also appreciates that the increasingly improved reconnaissance aids, point and area weapons continue to largely change the battlefield as it still stood in the 1970's. The growing expansion of martial operations in the third dimension also creates new problems with regard to alpine warfare which is of particular interest to Switzerland.

Another matter of special interest is the actual timing of such attacks. We take into account the decreasing early warning times due to the greater rapidity of events and the systematic concealment of indications of deployment, because these developments are of immense importance for a militia army which needs to mobilize before beginning warlike operations.

The Nuclear Issue

Evidently, the nuclear issue is central to the threat image. The Swiss are very concerned about it indeed. Conversely, any appraisal must be based primarily on available resources and the respective doctrines. Speculation is not appropriate.

A general exchange of strikes between the superpowers appears to be most unlikely though conceivable. Switzerland would be involved sooner or later. We may be confronted with problems of survival, above all continuing life.

Even though an entirely conventional war (including chemical warfare) cannot be excluded, as matters stand now, we must expect a tactical-operational nuclear war within the framework of a major conflict in Europe. Both sides will certainly try to limit deployment. If they do not succeed, combat will proceed everywhere in nuclear conditions. It is impossible to definitely predict what will happen then.

Switzerland is therefore making arrangements with regard to

- Indirect effects (fallout, nuclear electromagnetic pulse)
- The use of nuclear weapons by an attacker, which--in view of the small space, the settlement density and the psychological effects on the general public--would rapidly assume strategic dimensions.

Switzerland is also aware of the danger that third powers might be tempted by nuclear means to interdict enemy advances or flanking movements through Switzerland.

The predominant or exclusive use of miniaturized nuclear weapons or neutron weapons is per se conceivable but would not materially diminish the nuclear threat to Switzerland. Still, we might then assume to be able to maintain a coherent operational defense.

Even relative to an unsparing analysis of types of nuclear warfare, it appears justified to not exclusively orient the Swiss Army to the nuclear option but rather make available a maximum of conventional defensive strength able to cope with many kinds of threats. We thereby pursue a tendency perceptible among all European armies and make the best of the possibility that this reading may be somewhat overoptimistic, in other words that it includes a margin of error. We accept this on the assumption that conditions following massive nuclear fire or fallout would in any case require entirely new assessments and are not even predictable at the present time. We further believe to be able to accept it because the advanced state of readiness of Swiss civil defense (modern shelters for some 80 percent of the population) and a largely protected infrastructure for leadership, battle and logistics provide our country with a significantly greater stability in emergency situations than any of our neighbors.

Outlook

In conclusion let me give a glance at the strategic macroclimate. In future also the issue of global and European regional stability will be crucial for the security of or the extent of the threat to Switzerland. If this stability can be sustained or, better yet, reinforced, the small neutral country in the center of Europe has little to fear except for a process of creeping psychological attrition which, to some extent, is already in existence.

Among the factors liable to decisively change the status of the current and precarious equilibrium are the following:

- Relations between the superpowers. In particular the question whether their future relations will be dominated more by confrontation or cooperation. On both sides this will largely depend on internal developments.
- The development of Western Europe. At the moment both greater integration and greater fragmentation are conceivable. Particularly interesting are the relations between Western Europe and the United States of America, relations between the Federal Republic of Germany and France as well as inner-German developments. Though the neutralization of the FRG and, consequently, the weakening--even disbanding--of NATO appears by no means either immanent or obligatory, some current tendencies indicate a special threat to general security in Europe.
- The future of arms control. Depending on the change in its current place value--more toward a decisive element of long-term security or toward a virtually insignificant propaganda platform--, dangers may lurk here, too. In the latter case, the Western governments' scope of action will be even more adversely affected, and the danger that the general public may let itself be deceived about the very real threat is bound to cause a great deal of anxiety.
- Also in this category is the continued pursuit of the Helsinki process at the CVAE. Confidence and security building measures may contribute to stabilization if success is achieved in settling the issue of verification. If not, we will have to be satisfied with tiny steps which are unlikely to exert a stabilizing effect.

The four following factors also deserve special attention:

- Defense strategic developments and weapons technological trends. For example: Will the reprisal strategy in conjunction with the inclusion of space weapons be abandoned or not? And what would be the effects of strategic defense in space on regional conditions? Basically both possibilities are present, but as of now the danger of destabilization appears to be greater than the hope for stabilization.
- Similar questions arise with regard to the emergence of new technologies. Will the "miracle weapons" heralded benefit the attacker or the defender? Furthermore: How much of them can the small countries afford?
- The extra-European conflict potential seems virtually unlimited, but so far most of these conflicts have been kept in bounds. If the international crisis management were not to continue developing positively, the danger of effects on Europe would grow.
- Finally the issue of NATO's future combat doctrine must be classified in the defense strategic context. The risk of war would certainly increase

with the adoption of a conventional defense pure and simple, let alone the transition to so-called alternative models excluding the use of nuclear weapons. In view of the political situation in the West European countries and the topographical circumstances in Europe it appears more than doubtful whether the loss of the "nuclear brake" can be fully compensated by conventional means.

All in all we are bound to go on talking of the "dangerous 1980's"; nor are long-term prospect much better.

Switzerland therefore concludes that all-round vigilance and defense capability will continue to be needed. At the same time and as far as its status as a small neutral country and its modest forces allow, it feels obligated to contribute to international stability. In concrete terms, it sees its opportunities mainly within the framework of the CVAE but it also considers its strong defense of the European center a contribution to the strategic stability of the region and, consequently, an act of international solidarity.

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CSO: 3620/273

ECONOMIC

BELGIUM

ECONOMIC RELATIONS, DEVELOPMENT AID FOR AFRICA

Bonn AFRIKA-POST in German Jan 85 pp 29-32

[Article by Herbert Schroeder: "Belgium's New Role in Africa"]

[Text] Belgium's stormy history as an African power has been laid to rest since the Katanga troubles. At this time, the term "Brussels" stands not only for EC cooperation with Africa but also for a diversified development policy.

Up to 1960, Belgium was one of the major colonial powers in Africa. The Congo, its African possession, first the private domain of King Leopold II, later the Congo state and colony as well as the mandated territories of Ruanda-Urundi, assigned it in 1919, by far exceeded the motherland in size. The Congo Act of the 1884 Berlin Conference represents a milestone in the progressive evolution of African-European relations.

Brussels Ranks as "Na Mputu" - The Metropolis

The history of the Congo proper was stormy, beginning with the personal rule of the king through the Katanga troubles of 1960/1961 (following independence), the 30 months' secession of the wealthy copper province, the battle for the giant Union Miniere. Relations were broken off for 18 months. Relations with Ruanda-Urundi, on the other hand, were devoid of any problems. Ruanda-Urundi represents the two former administrative districts of German East Africa, assigned to Belgium by the Versailles Treaty and administered as a single unit from Bujumbura. They obtained their independence in 1962.

Belgium remained an African power nevertheless, because 80 years of intimate links and experiences with this Continent cannot be simply written off. Admittedly, Brussels is nowadays seen primarily as the domicile of the European Community, with which almost all African countries are associated, and which makes the Belgian capital one of the most important locations of Euro-African cooperation. Still, Belgium also maintains its own relations with Africa, and it is therefore a matter of interest to note how it interprets and acts out its new African role. The Belgian Ministry for Foreign Relations, Foreign Trade and Cooperation for Development lately submitted an extensive file ("La Politique Africaine de la Belgique" [Belgium's African Policy]) which includes ample data.

Kinshasa, Bujumbura and Kigali still consider Brussels the "Na Mputu," the metropolis. Belgium, for its part, certainly does not deny its colonial past. Indeed, it emphasizes its familiarity with the Continent as being useful for modern Africa. On the other hand it endeavors to burst these narrow confines and diversify relations with Africa. Though its relations with Zaire, Rwanda and Burundi still maintain a kind of special status, they are increasingly considered part of Belgian Africa policy in general, and the latter again as part of relations with the Third World as such.

The changes that have already occurred are demonstrated by the figures of Belgian development aid. In 1972 77 percent of this aid still went to the three former Belgian territories. This percentage dropped to 59 in 1977 and to 48 in 1981, in other words to less than half; 33.5 percent went to Zaire, 14.5 percent to Rwanda and Burundi. The same decline was recorded in the Belgian presence in these countries. The number of Belgians in the Congo (Zaire) fell from 70,000 (in 1960) to 16,555 in 1983; in Rwanda from 1,855 to 1,700 and in Burundi from 3,109 to 1,500. More Belgians now reside in Algeria, Morocco, the Ivory Coast than in Rwanda and Burundi. As many as 18,000 of them live in South Africa.

The situation is similar with respect to foreign trade. Though 1982 Belgian imports from Africa (10 months) show Zaire in second place at 23 billion Belgian francs (only in eleventh place in total imports), they had declined by 13 billion Belgian francs by comparison with 1980 and are exceeded by imports from Libya (26.6 billion Belgian francs). Nigeria and South Africa at 18.3 and 15.5 billion Belgian francs respectively have also joined the front rank.

Belgian Trade with Africa Tending to Decline

As concerns Belgian exports, Zaire--at 7 billion Belgian francs--has been overtaken by three other African countries: Algeria (12.7 billion Belgian francs, amounting to only 14th place in total exports), Nigeria (10.9 billion Belgian francs) and South Africa (8.8 billion Belgian francs).

Though Africa has remained Belgium's door to the Third World, trade with that Continent has generally declined and seems since 1981 to have stabilized at 4.5 percent of turnover, while in 1960 Africa's share in Belgian imports still accounted for almost 10 percent and in exports for 4.3 percent. The comparable figures for the other continents are 10.5 percent for Asia, 8.3 percent for America and the lion's share of 76 percent for Europe.

Specially Obligated to the Poorest Countries

The former Belgian possessions are no longer a "closed preserve" for the Belgian economy, and other African countries--in particular Algeria, Morocco, South Africa, the Ivory Coast, Angola, Nigeria, Zimbabwe, Cameroon, Gabon and Egypt--have become targets of Belgian interests. Belgium keeps 16 special "commercial prospectors" at its embassies in Africa so as to intensify and expand its economic relations. Shipping still ranks at the top in relations with Africa. Sixty percent of Belgian maritime capacity serves 34 African

ports. Also much involved is the Belgian airline Sabena which flies to 22 airports in Africa, using 73 percent of its capacity.

Belgium devotes special attention to development policy, precisely due to its long colonial experience. Development policy has remained a key to its status in Africa, and 70.6 percent of Belgian spending on cooperation with developing countries are accounted for by this Continent, only 15.1 percent by Asia and 5.2 percent by Latin America. A distinction must also be made between the 31 poorest countries, the so-called Fourth World, 22 of which--according to the United Nations classification, are located in Africa. By reason of moral obligation, Belgium is prepared to give special aid to these countries. In 1981, 23 percent of its bilateral development aid, that is roughly \$369 million, went to these countries. The others represent the partner group, involving rather more of a genuine cooperation for the mutual benefit than aid pure and simple. Belgium concluded skeleton agreements on economic cooperation with a total of 22 African countries.

Bilateral Cooperation Preferred

The other difference is that between multilateral and bilateral cooperation. Though Belgium is host to many top multilateral organizations and a member of both the EC and the World Bank, it really prefers bilateralism and believes that this conforms to the wishes of the developing countries also. They reason that bilateralism is less susceptible to influences by third parties, which might introduce undesirable ideological and political tensions. Still, in 1982 36 percent of the Belgian development budget went to international organizations--650 million Belgian francs to the UN development program (including 260 million for Africa). Belgium deposited 900 million Belgian francs with the World Bank, and 1.7 billion Belgian francs with the EC development fund. Brussels also backs trilateral cooperation between European, African and Arab countries.

Nevertheless bilateral cooperation is preferred by Belgium. Responsible for this cooperation is the AGCD [General Administration for Cooperation and Development]; in 1982 it granted 9.7 billion Belgian francs in bilateral aid to Africa. In 1981, a Fund for Cooperation in Development was set up, which roughly corresponds to the German Development Company (DEG) and is intended to, among others, encourage Belgian investment in Africa. In 1982 around 11.8 billion Belgian francs were available for that purpose. Zaire and Algeria enjoy preferential treatment. Also important are some unofficial organizations which operate in 33 countries.

Belgian loans usually have a term of 40 years at 2 percent interest. Thirty percent of the loans to Third World countries are allocated to Africa. In 1968-1983, 17 countries benefited from loans amounting to 6.9 billion Belgian francs, representing 27 percent of all foreign loans. Zaire got 2.65 billion, Tanzania 0.7 billion, Morocco and Tunisia 0.5 billion each, Mozambique 0.49 billion, Egypt 0.46 billion and the Ivory Coast 0.4 billion Belgian francs. Again a wide range. The development banks of African countries represent one of the points of concentration. Belgium is involved in them to the tune of about 1 billion Belgian francs.

As for the priorities of development cooperation, Belgium agrees with the other European donor countries insofar as cooperation should primarily benefit farming, food supply, transportation, communication and health care. Brussels spent 789 million Belgian francs or 8 percent of its 1982 aid on farming alone. Again like all other Europeans, it is of the opinion that there will have to be an advance from aid to starving peoples to the planned restoration to health of agriculture.

Belgium's Prescription: Opening and Realism

Belgium is very well informed about the current situation by its 34 embassies and full-time consulates in Africa (5 of them in Zaire). It shares the European concern with regard to the prevailing conditions. To begin with, there are the immense debts which swallow 35 percent of export revenues, the lack of energy sources, the great vulnerability to internal and external interventions, the political and military instability of many countries, the ideologization of conflicts, the crisis zones--especially in southern Africa. Brussels has no sympathy at all with the apartheid policy pursued by the great power on the Cape, but it does not consider a break in relations or boycotts to be advisable. It expects more benefits to arise from dialogue and economic cooperation with Pretoria and feels that this should not be abandoned in the hoped by reasoning to move South Africa to loosen its policy.

Belgium also cooperates in the SADCC [Southern Africa Development Coordination Conference], especially in the transportation sector, so as to strengthen the independence of the countries of southern Africa from their powerful neighbor. Military aid, on the other hand, is confined to Zaire and Rwanda, strictly limited, temporary and restricted to training. Remember that Belgium was compelled to fall back on French aid a few years ago, at the time of the incursions in Zaire's Shaba Province. Altogether, the linguistically rooted francophony in Belgium's former possessions seems to be resulting in increasing political orientation to Paris.

Among the many plagues besetting Africa, the Belgians consider particularly destabilizing the militarization of many countries, involving immense and unproductive costs as well as the stationing of foreign forces (mainly from countries with an Eastern orientation). However, they do not blame the Africans alone. The work of the OAU, for example, is much appreciated in Belgium, because that organization prevents the worst, and its 1980 Lagos Plan for Economic Development points in the right direction. The Belgians are much concerned to encourage inter-African cooperation.

As a country with a long standing Africa tradition, Belgium is well aware that one cannot generalize about Africa, and that it needs to be dealt with in different ways. While relations with one group of countries must still be governed mainly by humanitarian considerations, those with other countries can already be based on complementary interests. In political terms, "Africa for the Africans" and "removing the Continent from the East-West dilemma" are the two main principles of Belgian attitudes. On the other hand, the Brussels people are not quite so convinced by the rituals of the "North-South dialogue," considered there a not very helpful simplification, because

circumstances are far more complicated in reality. According to the Belgian reading of the situation, ideologies tend to divide rather than unite. Nonalignment and global settlements seem to the Belgians the most appropriate mode of behavior for many of Africa's ills.

Belgium itself rigorously refrains from any interference in internal African affairs, does not pursue any political goals nor seek spheres of influence. This attitude should not be interpreted as lack of interest. If there is to be competition in and about Africa, it should be neither political nor strategic but concentrate on economics. Opening up to Africa and realism in the relations with the Continent--that is the prescription expected by Brussels to yield the greatest success in continuing involvement in Africa's fate in Belgian as well as European interests.

11698

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4 April 1985

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

FRG RANKS SECOND IN CHINA'S TECHNOLOGY IMPORTS

Beijing CHINA ECONOMIC NEWS in English 28 Jan 85 p 6

[Text]

[Beijing: from our special correspondent] China signed 79 contracts with Federal Germany on technology imports in 1984, said a leading official for the Technical Import and Export Bureau under the Chinese Ministry of Foreign Economic Relations and Trade in a recent interview with China Economic News, which ranked second after Japan in China's technology imports in terms of both business volume and value.

In the past few years, the official added, China had signed contracts with Federal Germany on importing technologies for metallurgical, mining, machine-building, electronics, textiles and light industries, most of which have already been put into operation with better economic returns. For instance, the Dalian Heavy-duty Machinery Plant under the Chinese Ministry of Machine-building Industry imported the designing and manufacturing technologies for producing small billet continuous casters from the Mannesmann-Demag Hüttenwerke and co-produced the casters with the Federal German factory. During the production of the first set of small billet continuous caster, the China-manufactured content input into the machine accounted for 5% of the total. In the learning process, the introduced manufacturing technique was absorbed by the Chinese side whose proportion of content input into the fourth caster machine increased to 85% of the total.

Another example cited was two production lines imported by the metallurgical industry for making large complete sets of equipment imported from the SMS Schloeman-Siemag AG. Presently, the complete set of 1.7-meter rolling mill production line has been put into operation in the Wuhan Iron and Steel Complex, which fills the gaps in China's technology for producing cold rolled steel sheets. It is said that the products sold well on the international market. On the other hand, a hot continuous rolling mill will be installed in the Baoshan Iron and Steel Complex soon, which will be capable of producing 4.2 million tons of rolled steel sheets and belts annually. Recently, the Shanghai Tractor and

Automobile Corporation cooperated with the Volkswagenwerk AG in producing "Shanghai-Santana" sedans. In the first-stage of production, the Shanghai corporation assembled such sedans with most of the parts supplied by the Federal German factory; in the second-stage period, the Shanghai corporation produced such sedans with 80% or more parts made by itself; and in the final stage, the Shanghai corporation produced such sedans with all the parts made by itself.

The same official said that during the Sixth Five-year Plan period (1980-85) and the Seventh Five-year Plan period (1986-90), China pays close attention to the technology imports for key construction projects such as the second-phase construction of the Baoshan Iron and Steel Complex, communication satellites, nuclear power stations, exploitation of mines, offshore petroleum exploration and exploitation, building materials industry, and transport and communications. In 1985 alone, 1,500 existing enterprises will be revamped under the state plan. However, this figure does not include those revamping projects using local foreign exchange funds. China would like to cooperate with Federal Germany in various forms under suitable conditions and it expresses the hope that Federal Germany will actively create cooperative conditions and succeed in competing with other countries in cooperating with China.

In addition, the same official suggested that all Chinese provinces and autonomous regions should establish economic ties with economically-developed states of Federal Germany. To date, Shandong, Liaoning, Anhui, Hubei and Jiangsu provinces have maintained economic ties with Bavaria, Baden-Wuerttemberg, Lower Saxony, Rhineland-Palatinate, and North Rhine-Westphalia, organized bilateral economic mixed groups, and exchanged technical cooperative projects regularly. In 1984 alone, 163 economic cooperative projects were carried out between these province-state sisters. Moreover, Shandong Province alone exchanged 60 technical cooperative projects with Bavaria which, in return, helped Shandong Province train dozens of technical personnel.

According to the official, Federal Germany allocates DM200 million as foreign-aid fund to China every year. In 1984, Federal Germany granted DM32.6 million foreign-aid fund to China for its agricultural development, energy development, and expert-training. In 1985, China will receive foreign-aid fund from Federal Germany for its 25 projects with the help of GTZ and DEG companies which will look for cooperative partners for the Chinese side and set up various training centers, while experts will be sent to China to carry out feasibility studies and work out development plans for projects.

ECONOMIC

FINLAND

USSR, SWEDEN LEADING CUSTOMERS IN GROWING ELECTRONICS EXPORTS

Helsinki HELSINGIN SANOMAT in Finnish 12 Mar 85 p 27

[Article: "Electronics Exports Exceeded 4.5 Billion"]

[Text] The outward direction of the electric and electronics industry toward foreign countries continued last year also. Total exports in this field increased 12 percent, electronics fared better than electric power equipment, and there was a considerable increase especially in exports to the West.

The total value of exports of the electrical engineering industry increased to 4.5 billion markkaa last year. The value of imports was 7.9 billion, an increase of 19 percent over the previous year, according to data compiled by the Association of the Electrical and Electronics Industry.

In the last couple years electronics has gained for itself a growing share of the total exports of the electrical engineering industry. Sales of electronics to foreign countries increased 20 percent last year while the growth of electrical power equipment exports remained at a modest 2 percent.

The share of consumer electronics in total electrical industry exports was the greatest last year. A full 660 million markkaa worth of products was exported. The biggest factor was television sales, exports of domestic televisions increased 23 percent.

The primary export countries have traditionally been Sweden and the USSR.

10576
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4 April 1985

ECONOMIC

GREECE

CURRENT TRANSACTIONS DEFICIT RISES IN 1984

Athens I KATHIMERINI in Greek 6 Mar 85 p 7

[Text] In the end the deficit in the balance of 1984 current transactions was not maintained at \$2 billion, as the Ministry of the National Economy and the Bank of Greece had calculated. According to the data which were published yesterday, the deficit reached \$2,182 million versus \$1,876 million in 1983, that is, it increased by 16.3%. As the relevant data show, exceeding the amount aimed at was due to two factors: first, to higher imports of liquid fuels, and second, to a new decline in revenues caused by the continuing crisis in the merchant marine.

According to Bank of Greece data, the size of the deficit evolved as follows during the last three years:

	<u>1982</u>	<u>1983</u>	<u>1984</u>
Imports	10068	9491	9779
Exports	<u>4141</u>	<u>4105</u>	<u>4400</u>
Deficit	<u>5927</u>	<u>5386</u>	<u>5379</u>
Invisible Receipts	6098	5529	5265
Invisible Payments	<u>2056</u>	<u>2019</u>	<u>2068</u>
Balance on Invisibles	4042	3510	3197
Balance on Current Transactions	-1885	-1876	-2182
Movement of Capital	1779	2303	2486

The excess in the deficit compounded by the decline in foreign currency revenue from the merchant marine led to higher foreign borrowing which reached \$2,216 million in 1984 versus \$1,896 in 1983.

Finally, on 31 December 1984 foreign currency reserves were \$1,103 million versus \$1,042 million on 31 December 1983.

Fuels

The following remarks were published by the Bank of Greece with regard to the development of the deficit:

1. Net payments (imports-exports) for fuels rose from \$1,922 million in 1983 to \$2,154 million in 1984. This increase contributed to bringing the 1984 trade deficit to approximately the same levels as 1983 (that is, -\$5,379 million versus -\$5,386 million respectively). Without fuels, the balance of the trade deficit decreased from \$3,464 million in 1983 to \$3,225 million in 1984. Both the increase in exports (1984: +3.8%, 1983: -3.2%) and the decrease in imports (1984: -1.6%, 1983: -6.1%) contributed to this improvement.

2. With regard to the evolution of the balance of invisible receipts, a significant increase of 11.8% versus a 23% decrease in 1983, was noted in foreign currency revenue from tourism. Whereas foreign currency from the merchant marine and from net EEC transfers showed a decline (-16.0% and -14.3% respectively). Those developments, combined with the increase in fuel payments, led to the current transactions deficit's rise to a higher level than the \$2 billion originally projected.

3. In particular, from the data related to the flow of private capital it can be seen that in 1984 capital for the purchase of real estate continued to increase at about double the rate of 1983 (1983: +6.0%, 1984: +11.8%), and that deposits in foreign currency from emigrant remittances increased (1984: \$273 million, 1983: \$126 million). It was noted also that out of the amount of \$251 million which is registered as a net inflow of remittances into the 1983 balance of payments, \$125 million came from remittances made by Greeks residing at home who were allowed to open deposit accounts in foreign currency.

12278

CSO: 3521/208

ECONOMIC

GREECE

SIGNIFICANT RISE IN NOVEMBER 1984 EXPORTS

Athens I KATHIMERINI in Greek 5 Mar 85 p 9

[Text] November 1984 exports showed a significant rise in relation to the corresponding month in 1983. More precisely, and according to the Panhellenic Exporter's Association Center for Export Research and Studies (KEEM) data, exports reached \$495 million in current dollar value for November 1984, versus \$319 million for the same month in 1983. The value of exports for the 11-month period between January and November reached \$4,439 million, versus \$3,786 for the same period in 1983.

According to KEEM evaluations, the value of exports for the whole of 1984 is expected to reach \$5 billion. As the KEEM notes:

It is especially encouraging that the development of industrial exports is clearly more favorable than that of agricultural products. Furthermore, exports to all basic geographic areas show a significant improvement, with the exception of stagnation in exports directed toward all Comecon nations, the Middle East and North Africa, and a continuing decline in exports to "other developing countries."

In November 1984 in particular, exports reached \$495 million; that is, they showed an increase of 54.9% versus November 1983 (\$319 million). If petroleum products are not taken into account, November 1984 exports still show a big rise (46.3%) versus November 1983. It should be noted, however, that in November 1983 exports of petroleum products were negligible.

During the January to November 1984 11-month period exports reached \$4,439 million, thus showing an especially significant increase of 17.3% against the corresponding period of the previous year, which remains at almost the same level (15.3%) even when petroleum products are discounted. On the basis of the development of exports so far and according to the data of the first 11 months, it is calculated that the total value of exports for 1984 will be close to the level of \$5 billion, approximately.

The increase in exports for the 11-month period of January to November 1984 originates from all categories of the TTDE [Standard International Trade Classification] with the exception of "natural oils" (category 4), exports of which showed a significant decline of 21% (objectively, it was not possible for them to reach the exceptionally high levels of 1983) and of

"machines and means of conveyance" (category 7), exports of which also showed a significant decline of 17% in relation to the corresponding period of 1983.

The rise in "mineral fuel, lubricant etc." exports was particularly striking (category 3: +61%), while a significant increase in exports of "various industrial goods" was registered (category 8: +28%), and in "non-edible raw materials except for fuels" (category 2: +22%). Also the rise in exports of "goods and services not classified into categories" chiefly related to exports of arms and ammunitions which were very small, however, was quite spectacular (category 9: +372%). During the 11-month period of January to November 1984 exports of that category reached \$34 million. The total of industrial exports increased by 17%, whereas exports of agricultural products showed a small increase of 6%.

12278

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ECONOMIC

ICELAND

FINANCE MINISTER PROPOSES STRINGENT 1986 BUDGET

Government Fiscal Goals Described

Reykjavik MORGUNBLADID in Icelandic 9 Feb 85 p 56

[Text] Prime Minister Steingrimur Hermannsson and Finance Minister Albert Gudmundsson presented the government's fiscal goals yesterday. They emphasized the need for consultation with employers and labor on such matters as changes in revenue raising, public insurance, housing assistance and planned wage policy rather than direct wage increases.

Foreign loans will be decreased this year by a billion kronur and no foreign loans will be obtained in 1986 for the treasury's A and B departments except for loan repayments, a reduction estimated to be the equivalent of 1400 million present day kronur.

The treasury's position will be improved by savings and streamlining in all public areas, according to the government document, increased surveillance of tax returns and collection, and the swift handling of tax evasion. The first stage of the complete abolishment of income tax is already in the works resulting in 6-700 million kronur reduction for wage earners, according to the finance minister.

The government has decided to handle the problems of home builders in the following manner: Regulations on housing loans have been reviewed. Loans will be restricted to certain dwelling sizes and preference will be given to first- and second-time builders. Special tax breaks will be given on savings earmarked for home buying, and assistance will be offered to those home builders and buyers who took government housing loans during the period of January 1981 to December 1984. A decision has been made to use 150 to 200 million kronur out of a total of 700 million kronur earmarked for housing loans for this purpose, which could mean 150 to 200 thousand kronur for each borrower seeking such assistance, the prime minister announced yesterday. As of next week the Housing Authority will establish consulting services for people with repayment problems. The banks will be consulted for solutions.

Besides the above measures, numerous bills will be introduced in the Althing aiming at speeding up the reorganization already agreed upon last fall. These include bills on government organization, reorganization of labor policy and special funds, agriculture, banks and municipal government.

Budget Proposal Detailed

Reykjavik MORGUNBLADID in Icelandic 9 Feb 85 p 32

[Text] This is the complete text of the statement to the press presented yesterday by the prime minister and the finance minister:

When the Progressive Party and the Independence Party formed a government following parliamentary elections in the spring of 1983, severe national economic problems had to be faced. Galloping inflation, trade deficit and foreign debts threatened economic security. Strong measures were needed to solve these problems, and they were taken. In one year inflation was reduced to a point where a basis for normal economic development was in sight.

Although much has been gained, and assuming employment will continue high, it is obvious that last year's wage settlements and the resulting inevitable devaluation of the krona have caused a severe setback. Inflation increased again at the end of the year and, if nothing is done, chances are that foreign debt will continue to increase and the national economy will be stuck in an inflation of a proportion many times that of our main trading partners. Such a development could have the most serious consequences and must be prevented, and with the cooperation of all it can be prevented. With strong measures economic stability can again be achieved.

The government will stress discussion with employers and labor on such matters as changes in revenue raising, public insurance, housing assistance and planned wage policy rather than direct wage increases.

At the same time the following items will be stressed:

1. Increased foreign debt and danger of internal inflation are the most serious basic problems, and strong measures must be taken. This will be achieved by increased financial and economic strictures in all areas. The main details of this restrictive policy are:

- 1.1 Foreign loan estimate for the present year will be reduced by one billion kronur. This will be done by cutting loan estimates for government institutions, such as the National Power Authority and by reducing the treasury's need for foreign loans. Governmental projects will increasingly be financed by domestic monetary sources. In the year 1986 no foreign loans will be obtained for the treasury's A and B departments except for loan repayments.

The treasury's position will be improved by savings and streamlining in all public areas and by increased surveillance of tax returns and collection. Minimum tax evasion fines will be fixed at three times the amount of the evasion figure and swift handling of cases will be ensured by establishing special departments of the courts.

Revenue raising for the treasury will be reviewed. Estimated government revenue and expenses for the entire electoral term will be aimed at reduced government participation in projects better handled by the private sector, emphasizing instead the government's role as a mediator.

As for revenue raising, the following are some of the planned changes:

INCOME TAX--As announced by the coalition parties 6 September 1984, the first stage in the abolishment of general income taxes is not in effect. According to policy made at that time, the second and third steps will be effected in 1986 and 1987.

IMPORT TAXES will be adjusted and simplified and other taxes on goods reviewed.

VALUE ADDED TAX will replace sales tax. Measures will be taken to minimize the effect on consumers that this change will cause.

The total aim of these changes in revenue raising is to lighten the tax burden of the common wage earner.

The final practical execution of these changes will be decided after consultation with employers and labor representatives.

- 1.2 New regulations and plans for foreign loans will be set, aiming at reducing foreign debts. Banks will be restricted in taking foreign loans for relending to individuals and in guarantees of such loans depending on their own financial stability. At the same time private individuals and businesses will be free to obtain their own foreign loans, but without government or domestic bank guarantees.
- 1.3 The number of banks will be decreased and their operations reorganized. Monetary control will be increased, including limits for banks and lending institutions on amount of loans, flexible interest policy enforced, taking into account the real interest rates for the national foreign debt at the time. Stringent restrictions will insure that the banks stay within planned limits for loans.
- 1.4 Specific measures will be taken to increase savings earmarked for home buying. Tax breaks will be granted on such savings accounts similar to those already in effect for the purpose of stock purchase.
- 1.5 Regulations will be set for the handling and sale of stock certificates. The Central Bank will be charged with establishing a stock market which will facilitate normal pricing and dispensing of reliable stock price information. Taxation of stock will be determined.
- 1.6 Laws will be enacted regarding consumer finance and credit, including the use of credit cards.

1.7 Concerned parties will be consulted prior to setting up rules and regulations to ensure control over pension fund loans, keeping the best interests of pensioners in mind.

2. Because of the danger of inflation, economic information gathering, particularly as to supply and demand in the labor market, will be stressed. For this purpose economic forecasting will be employed and statistics on vacancies will be kept. Concerned parties have been consulted and The National Economics Institute has been charged with this task.

3. Regulations on housing loans have been thoroughly reviewed. These loans will be restricted to certain dwelling sizes and preference will be given to first and second time builders.

A decision has been made to give tax breaks on savings earmarked for home buying (see item 1.4) and increased participation of pension funds in home financing will be reviewed (see item 1.7).

Special assistance will be given to those home builders and buyers who took government housing loans during the period of January 1981 to December 1984. The banks will be consulted on solutions to their problems.

At the same time The Housing Authority has been charged with immediately establishing consultation services to direct and assist those already with repayment problems.

4. Organization changes agreed upon by the coalition parties 6 September 1984 will be effected with all possible speed, and bills to that effect introduced to the present parliament on the following matters:

4.1 Government Organization

- 1) Review
- 2) Administration of government policy

4.2 Reorganization of the economy and special funds

- 1) Agricultural fund
- 2) Industry fund
- 3) Fisheries fund
- 4) Housing Authority
- 5) Proprietary institutions
- 6) Developmental institutions

4.3 Agriculture

- 1) Production and pricing authority
- 2) Subsidies

4.4 Banks

- 1) The Central Bank
- 2) Commercial banks
- 3) Savings institutions

4.5 Municipal government

5. The fishing industry has received extensive loan adjustments, sales tax refunds and other accommodations designed to counteract operating losses. The government will continue to concern itself with the operations of the fishing industry and to promote improvements in that area, in accordance with the agreement of the coalition parties published 6 September 1984.

Newspaper on Fiscal Policy

Reykjavik MORGUNBLADID in Icelandic 12 Feb 85 p 26

[Editorial: "Unnecessary Anticipation"]

[Text] Last New Year's Eve, in his address to the nation Prime Minister Steingrímur Hermannsson stated: "The coalition parties will review policy in all areas and, in cooperation with the nation, will try to carry it out successfully." Ever since people have been waiting with great anticipation for these actions of the government. The prime minister also mentioned "a renewed pact" and promised the speedy appearance of "certain items" intended to "guarantee sure-handed economic management." Steingrímur Hermannsson stated: "The coalition parties must rally around a strong policy, acknowledging problems and working on their solutions. Without such measures the coming year may bring a new crash with even more serious consequences for the Icelandic nation. This government will not allow such a thing to happen."

On 8 February Prime Minister Steingrímur Hermannsson and Finance Minister Albert Guðmundsson called a meeting with the press and presented a survey of economic measures taken, explaining them as needed. Briefly stated, we can say that the anticipation created by the prime minister's New Year's address was unnecessary. Neither the government nor anyone else can be of the opinion that last Friday's presentation is in any way consistent with the prime minister's grandiose statements on the necessity of sure-handed management 31 December 1984.

The government does not introduce many new strong measures. Old and worn issues are touched on, many of them so matter-of-fact as to need no fanfare before acting upon them.

There is a special reason to welcome measures taken to assist home builders and buyers who have obtained loans from government housing funds during the period of January 1981 to December 1984 and are having repayment problems. It is important that promises to these people be kept. We shall say nothing of foreign loan cuts until the accounts are on the table.

Avowals of changes in government organization, reducing the number of banks, etc., are worthwhile, but they are nothing new and one would have expected the government to go a step further and explain the nature of these changes based on the coalition parties' agreement.

Most disappointing is the lack of concrete statements on the main points of economic development for the coming weeks and months. In spite of the meeting with the press, there is scant information forthcoming as to policy for currency exchange, indexing, the fishing industry and labor, to name a few items.

Perhaps it is a form of cleverness to keep silent about these matters at the moment. The prime minister certainly did not indicate at the end of last year that they would be ignored.

There would have been good reason at the present for the government to present plans for cooperation with employers and labor and with the opposition parties. We have certainly been given to understand that such discussions would take place, for example during debate in the Althing last 20 December on a motion by Thorstein Palsson, chairman of the Independence Party, urging cooperation in investigating changes in division of income that have taken place. Steingrímur Hermannsson then stated that he was for such an investigation, adding that representatives of employers and labor as well as the opposition parties should be invited to participate in it. "I definitely expect that this matter will be taken up in a cabinet meeting very soon," the prime minister stated in a speech to parliament last 20 December. But there was no mention of it last Friday.

To make a long story short, the meeting with the press last Friday was a big disappointment and there was certainly no need for anticipation because of it. But, shall we expect the crash predicted by the prime minister in his speech to the nation?

9981

CSO: 3626/21

ECONOMIC

ICELAND

FINANCE MINISTER REPORTS ON 1984 PERFORMANCE, 1985 OUTLOOK

Reykjavik MORGUNBLADID in Icelandic 7 Feb 85 p 37

[Article: "1985 Credit Budget: Foreign Borrowing Two and a Half Billion"]

[Text] Trade Deficit 4.8 Billion

The main tasks that now have to be confronted, said Finance Minister Albert Gudmundsson when he presented the 1985 investment and credit budget in the upper house of the Althing yesterday, are:

--lower foreign borrowing

--reduce the external trade deficit

--reduce influence on demand both by public parties and private consumption

The government will introduce measures to this effect in the coming days. It is clear that the credit and investment budget that already has been presented must be reviewed in a parliamentary committee, among other things, in light of these measures.

The budget estimates a 4.8 billion kronur trade deficit in 1985, or 5.6 percent of the gross national product, which is a slightly lower ratio than during last year. The budget assumes prices to be 26-28 percent higher than the average in 1984.

According to the investment budget, it is expected that capital formation will increase by 2 percent in 1985 (from last year) and will reach 24.3 percent. The investment by the industries will increase by 10 percent. The construction of apartments will be the same as 1984. It is, however, expected that the reduction in state construction and projects will be 7.6 percent following a reduction of one-fourth during the last 3 years. Total investment without major projects will be 3 percent less than last year.

The finance minister introduced the planned domestic capital procurement for the various project sectors, apartment credit funds and industrial funds. The minister said that the total credit need for the treasury A- and B-budget is 3,299 million kronur. The plan is to meet this need with domestic loans amounting to 780 million kronur and 2,529 million kronur in foreign borrowing.

The minister said that there is instability in the domestic credit market. The area that is least clear to the treasury concerns the redemption of savings certificates. This year two groups of savings certificates, amounting to 800 million kronur, will be redeemable for the first time. Added to that is the redemption of older certificates. Every emphasis will be put on meeting this redemption with new certificates that carry competitive investment terms. The credit budget anticipates clear savings certificate redemption to reach 650 million kronur but there is some uncertainty about this.

The present budget estimates that pension funds will lend 1,400 million kronur to public investment funds. Discussions are now going on with the boards of the funds about the sale of these bonds. The minister said that these discussions have brought forth indications that the funds will purchase bonds for about 1,150 million kronur "which is 82 percent of the 40 percent of the funds' estimated disposable money."

Foreign borrowing in the treasury A- and B-budgets are, as mentioned before, estimated to be 2,519 million kronur. A-budget payments because of older loans will be 1,560 million kronur and of that 690 million kronur will be for amortization. B-budget borrowing for credit payments because of Krafla hydroelectric power plant finance expenses alone is 500 million kronur and the company is obligated to pay 100 million kronur from its operation in amortization and interest. The total B-budget credit payments are about 2,100 million kronur and almost 800 million kronur of that is for amortization.

It is expected that a total of 1,953 million kronur will be procured for other public parties with foreign borrowing in 1985. Included in that are firms with partial state ownership that will get 1,800 million kronur (the National Power Company will get 1,200 million kronur but its managing budget is now being revised) and municipalities will get 153 million kronur.

9583

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ECONOMIC

ICELAND

FINANCE MINISTER CITES FISCAL IMPROVEMENT DETAILS

Reykjavik MORGUNBLADID in Icelandic 30 Jan 85 p 28

[Editorial: "Improved Treasury Condition"]

[Text] The minister of finance has suffered criticism from many people, including his own party colleagues, which has mainly been based on two points. Firstly, the critics have considered the cuts in state expenditures insufficient during the previous period of reduced national production. Secondly, the critics consider it risky to base state revenues on imports to such a great extent in view of the current foreign trade and debt situation.

The minister of finance recently called a press conference where he reported a greatly improved condition of the treasury and balance of payments at the end of 1984 as compared with last year, as well as his views concerning policy and management of state finances during the past year. The minister said, among other things:

--The balance of payments of the treasury's A-budget at the end of 1984 had a surplus of 639 million kronur but at the end of 1983 it had a deficit of 747 million kronur. The balance of payments therefore has improved by 1,386 million kronur.

--On the payment base, revenues amounted to 783 million kronur beyond expenditures. The year before expenditures were 1,163 million kronur over the revenues. The payment base of the balance sheet of the treasury A-budget has therefore improved by 1,946 million kronur.

--The increase of collected revenue beyond the May 1985 budget estimate represents one-third collected from import fees; one-fourth from turnover taxes; one-fourth from the State Win, Spirit and Tobacco Authority and one-fifth from other revenues, i.e., profit fees, interests, etc.

--The treasury improved its condition on the credit and trade sheet by 560 million kronur in 1984.

--The payment surplus of the treasury A-budget was used to improve the Central Bank fund status by 446 million kronur and by 193 million kronur to collectors.

--The total amount of treasury A-budget debts at the Central Bank amounted to 1,435 million kronur at the beginning of 1984 and 1,182 million kronur at the end of the year. The debt has therefore decreased by 253 million kronur during the year.

--The balance sheet of the treasury A-budget as a ratio of expenditure at the end of 1984 had a 3.9 percent surplus and has not been more favorable since 1977. During this period, the balance sheet had a surplus only twice, i.e., in 1981 when it was 1.5 percent and in 1982 when it was 2.6 percent.

--The treasury A-budget net borrowing decreased by 117 million kronur from the year before,

--New foreign borrowing amounted to 1,460 million kronur which is 160 million kronur lower than the May budget estimate assumed. The plan is to decrease the need of the treasury A-budget for foreign funds during this year by 450 million kronur of the balance of payments at the end of 1984.

--Borrowing by public parties and industries during 1984 amounted to 7,960 million kronur in all, which is a 20-percent increase from the previous year but 1,100 million kronur lower than the total amount of the allowed credit authorization. The treasury A-budget credit authorization in the amount of 900 million kronur was not utilized.

It can be seen from the aforementioned statements that came forth at the press conference called by the minister of finance, that many things that were amiss in the state operations were successfully corrected and the condition of the treasury at the end of last year was in every way considerably better than in 1983.

9583

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ECONOMIC

ICELAND

DISAPPOINTING DOMESTIC CAPITAL MARKET

Reykjavik MORGUNBLADID in Icelandic 30 Jan 85 p 28

[Editorial: "Capital Procurement Failed"]

[Text] It came forth at the finance minister's aforementioned press conference that domestic capital procurement amounted to 725 million kronur net which is 671 million kronur lower than in 1983--i.e., a 48-percent decrease. In a revised budget estimate on the 1984 treasury domestic capital procurement it was planned to procure 2,033 million kronur domestically but that estimate failed by 1,300 million kronur. All sectors of domestic capital procurement yielded less than anticipated, said the minister. The main exception of the decrease were the savings certificates and the redemption of these certificates was 700 million kronur higher than had been estimated--and sale of new savings certificates was 213 million kronur less than estimated.

During the same period that the treasury and various other parties that sought credit capital during last year had failed in procuring domestic capital, public parties and the industries borrowed a total of 7,960 million kronur abroad, which is 1,322 million kronur, or 20 percent higher than the amount in 1983. The interest on foreign credit is in fact a transfer of funds--out of the country.

It is without a doubt one of the most essential tasks of this nation to create conditions for general domestic savings which is a natural capital formation in industry. It is both necessary in order to secure the creation and supply of the community need in order to strengthen the economic independence of the country and its people.

9583

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ECONOMIC

ICELAND

PROBLEMS OF FISHERMEN IN ACQUIRING CAPITAL EXAMINED

Reykjavik MORGUNBLADID in Icelandic 11 Feb 85 p 2

[Editorial: "Credit Capital Management"]

[Text] The prosperity of nations, whether it be great or little, is mainly home made, although external elements undeniably also affect the situation. When own capital funds and credit funds are limited, it is imperative to invest where projects and operations return incurred costs and profits as soon as possible to maintain an acceptable standard of living in the country. Investment associations that do neither, however, decrease the standard of living, although they may be filed under "social projects."

MORGUNBLADID states in a news release yesterday that the owners of Japanese stern trawlers here in this country are now faced with maintenance projects (inspection) for which there are no loans available. On the other hand, there are loan regulations for financing well over half of the cost of modifying ships, for example, to lengthen them, although the cost for such projects is many times the normal "inspection cost." It seems that the more expensive route may in certain instances be the only available one for continued operations due to the loan control that currently is in effect.

The situation of the fisheries is not strong because of the catch limitations, price drop in marine products abroad and the credit situation of most businesses in this industry. It is therefore obvious that the credit burden and investment burden of the fishing vessel companies should not be increased beyond what is absolutely necessary. It is correct that the credit regulations promote the more costly maintenance alternatives, it does not help in making ends meet when calculating the operational problem of the fishing industry, just the contrary.

An important part of economic control is how credit capital is managed. Credit regulations need constant revision so that they will yield maximum service at all times and take changed conditions into consideration.

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ECONOMIC

ICELAND

WORSENING TRADE DEFICIT REPORTED

Reykjavik MORGUNBLADID in Icelandic 11 Feb 85 p 13

[Article: "Foreign Trade 1984: Trade Deficit over 2.5 Billion Kronur"]

[Text] During the period January-November 1984 the trade deficit was slightly over 2.5 billion kronur, but during the same period in 1983 it was 1.6 billion kronur. It should, however, be kept in mind when comparing these figures that the average exchange rate of foreign currency during January-November 1984 is calculated 19-percent higher than it was during January-November 1983.

According to information from the Statistical Bureau of Iceland, there was a trade deficit in November 1984 of over 89 million kronur which was 30 million kronur less than the previous year when the trade deficit was over 116 million kronur in November 1983. The export value during the period January-November 1984 amounted to almost 21 billion kronur and included in that is aluminum and aluminum alloys for over 3.2 billion kronur and ferrosilicon for over 926 million kronur. The export for the same period in 1983 was slightly over 16 billion kronur, included in that was aluminum and aluminum alloys for almost 3 billion kronur and ferrosilicon for a little over 585 million kronur. The import value during the period January-November 1984 amounted to slightly over 23.4 billion kronur, but for the same period in 1983 the import value amounted to slightly over 18.2 billion kronur. Included in this 1984 imports are ships for 262,885 million kronur; aircraft for 12,954 kronur; imports for Iceland Alloys 286,228 million kronur; for the National Power Company 30,785 million kronur; for the Krafla Hydroelectric Power Plant 11,574 million kronur and the Icelandic Aluminum Company slightly over 1.5 billion kronur.

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ECONOMIC

ICELAND

RISE IN DOLLAR'S VALUE INCREASES FISHERMEN'S FUEL COSTS

Reykjavik MORGUNBLADID in Icelandic 8 Feb 85 p 3

[Article: "Price Control Board: Rise in Oil Prices Less Than Rise in the Price of the Dollar"]

[Text] Icelandic oil companies' retail price of gasoline, gas oil and crude oil has dropped more than the worldwide market price during the last 4 years. Moreover, the increase in the price of oil products has been less than the increase in the rate of U.S. dollar during the same period.

According to the calculations of the Price Control Board, the exchange rate of the U.S. dollar has risen by 571 percent from the end of 1980, but during that period the retail price of gasoline in this country has increased by 349 percent, gas oil prices by 355 percent and the retail price of crude oil by 508 percent, and these increases are as can easily be seen, considerably less than the increase in the dollar. The explanation can, among other things, be found in the decrease in the price of oil on the world market and according to the Price Control Board, the decrease domestically is greater than the decrease in import prices. The decrease in the price of gasoline on the world market amounted to about 28 percent and the domestic decrease amounted to slightly over 33 percent. The same applies to gas oil and crude oil. The price difference of gas oil and crude oil has decreased during this period and the explanation can, among other things, be found in the fact that on the world market, the price of crude oil has almost remained the same since 1980 and gas oil has decreased by 27.6 percent.

The explanation for this proportional decrease in the oil companies' retail price is, among other things, because the taxation has decreased during this period, as the cost of the operation of the domestic oil companies has been reduced, according to the spokesmen for the oil companies. Despite these figures, the price of oil is considerably higher here in this country than in our neighboring countries and the oil prices in foreign ports have been quoted as being almost 30-40 percent lower than the prices here.

9583
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ECONOMIC

ICELAND

COD TRADE DIFFICULTIES ON EUROPEAN MARKETS

Reykjavik MORGUNBLADID in Icelandic 2 Mar 85 p 7

[Article: "National Economic Institute Price Index Calculations for Chief Cod Products: Great Difficulties On European Markets"]

[Text] Rising Prices on the U.S. Market

The National Economic Institute has calculated in dollars the price index for the primary cod products for freezing and salting during 1981 to 1984 and these calculations show clearly the difficulties that the fish producers who produce for European markets are confronted with, as the price index set at 100 for 1981 has gone down to 77.9 points in 1984 for fillets to Britain and is estimated only 71.2 points for February 1985, so that during a 5-year period the price for frozen fish fillets to Britain has decreased by almost 30 percent, and the reason for that is the drop in exchange rate of the British pound.

"It can be seen from these calculations, and especially during the last time period, how much the drop in the exchange rate of the British pound has affected the decrease in the price of products to Britain," said Rosmundur Gudnason, economist at the National Economic Institute, in an interview with a MORGUNBLADID reporter. As comes forth in the accompanying table, the price index figures are all in dollars and Mr Gudnason was asked if that was normal when observing price development in Europe:

"When comparing the price development in the U.S. market, the most natural approach is to also calculate the price index for Britain in dollars. What the producers are confronted with today is that they must make a decision about whether to produce for the U.S. market or for the British market."

Taking a closer look at the price index based on 100 for 1981, it shows that in February 1985 the index for fillets on the U.S. market is estimated 109.3 points, and for a block on the U.S. market 88.7 points but as mentioned previously, it was 71.2 points for fillets in Britain. The price index for unprocessed salted fish set at 100 for 1981 was 83.6 points in 1982, 74.3 points in 1983, 73.9 points in 1984 and is estimated 78.9 points this year.

ECONOMIC

ITALY

PSI, PCI PROPOSALS FOR PROMOTING INDUSTRIAL INNOVATION

Rome MONDOPERAIO in Italian Nov 84 pp 19-22

[Article by Valdo Spini: "An Agency for Technological Innovation"]

[Text] The development of small and medium companies has not been accompanied by adequate industrial policy mechanisms, and legislation does not distinguish between small and large industry. But what counts most is that small and medium industry are not always able to take the entrepreneurial risk of technological innovation. Hence the Socialist bill to establish an agency to promote innovation, one that would be based on providing actual services rather than financial incentives.

Minor business (small or medium companies and artisans) has displayed a lot of vitality in recent years. The figures from the last census tell the story clearly. Between 1971 and 1981 the largest increase in local units took place in the class of companies having between 10 and 99 employees (almost 40 percent more local units) while the greatest employment increase was achieved in companies with 1-9 employees (more than one-fourth more jobs). The opposite is the case for companies having more than 500 employees: they showed a decrease in the number of local units (down 0.7 percent) and especially in employees (down 6.7 percent).

In other times and in other climates of economic policy debate in this country, this fact would have caused those who believed in the equation "bigness equals industrial development" to draw pessimistic conclusions about how our economy was going. The opposite could be said for those who think "small is beautiful", i.e. that production needs to be decentralized.

Actually it is not possible to get unequivocal readings of what has taken place in the last decade. True, each sector and national region has experienced very diverse changes. Although we have seen crisis zones in big business (which is always a negative factor for an industrialized country), the growth of minor business cannot be called a regression; in many cases it is symptomatic of economic vitality and social progress (the spread of business ownership to new levels of society). Not to mention that this is a nationwide trend. The concentration of industrial activity in the northern and western regions is now ancient history for

our economy. Hence the movement of industry into new areas and the emergence of the theme that has been defined in CENSIS [Center for the Study of Corporate Investment] terminology as "economic localism", i.e. an interrelationship between local institutions and the system of production, and, within the latter, between small and medium companies that have complementary production and convergent development strategies.

Small and Medium Companies are the Most Discriminated Against

Despite the growth of minor businesses and the many declarations of principle that have accompanied it, it may be said that adequate means of implementing industrial policy has been generally lacking. For the most part legislative provisions have been the same for big business as for small and medium companies, the plan being to reserve a percentage quota of allocation to minor business, but this has often proved to be harmful to smaller companies.

Thus, law 675 of 1977 was amended in 1981 by two successive decree laws, Nos 285 and 414, which modified the Fund for Industrial Reconversion and Restructuring (as provided in law 675) so that the 1.6 trillion lire reserved for minor business remained unused, while half was taken back by the government to meet the needs of large industry, particularly the steelmaking sectors, the Auto Plan, and Montedison.

But even if the conception of a more modern law is examined, such as law 46 of 1982, which has made it possible to set up new means of promoting industrial innovation, it will be noted that there has been some difficulty in applying the law to minor business. In deliberations implementing the special Revolving Fund for Technological Innovation provided for in the law, the CIP [Interministerial Committee for Industrial Policy Coordination] reserved about 20 percent of the annual appropriation for small and medium business. The fund had an initial endowment of 1.95 trillion lire, of which 20 percent or 390 billion were earmarked for small and medium companies. At the end of 1983, about 150 billion of these reserves were being used, leaving a balance of 240 billion lire in the Fund.

In order to retain the reserve for the use of minor business while continuing to respect the intent of law 46, the objective of which was to provide incentives for modernizing production, it was then considered advantageous to allot 100 billion lire of the unused balance to small and medium companies and artisanal concerns in mining and manufacturing sectors so that they could acquire high-technology machinery. The result of this was law 696 of 19 December 1983, which was also intended to revitalize the machine tool sector.

The failure of the system of percentage quotas reserved for small and medium business can be attributed to an attitude that has arisen among small businessmen. It has two kinds of motivation: objective and subjective. It is subjective in that the small businessman often tends to see the capital, Rome, as being generally insensitive to the problems of businesspeople; he therefore thinks he has no chance of making himself

heard. It is objective in that the complexity of the decision-making process is such that the time needed for approval exceeds on the average the duration of the projects for which financing is requested, and this is quite prohibitive for small and medium businesses.

This state of affairs cannot be accepted passively. A critical analysis must be made of existing instruments and new ones must be established. Indeed, the growth of minor business has created larger and more widespread business ownership, more sophisticated strategies, and more streamlined management. A new kind of entrepreneur has arisen, one who is better prepared and more aggressive, but who is also exposed to the critical factors of a complex and changeable climate.

There are no "niches" where the company manager (and owner) can hide from competition, especially from international competition. The shifting areas of consumption, the emergence of new needs, the splitting of categories of demand, and the "imitative effects" that are affecting a market that is now becoming world-wide in scale, are all critical factors intertwining with those connected with the competitive capacity of developing countries, which is explained by the cost of labor.

As the Chamber of Deputies Industry Commission report brought out in the last session, the proper response is innovation. But innovation is an activity that presents difficult problems to small and medium business. As ENI [National Hydrocarbons Agency] President Franco Reviglio reported at a Commission hearing, the experimental nature of innovation presents a high investment risk that not everyone is ready to take.

In other countries, specific agencies have been created to promote innovation in small and medium business. In France, ANVAR (National Agency for the Application of Research) has been operating since 1968 and was recently reformed. In Germany, there is the RKW (Committee for Modernizing Industry) and, in Holland, the TNO [Netherlands Central Organization for Applied Natural Scientific Research]. In the United States, experiments have been made with regional renewal forums, while in Japan, Professional Technical Centers provide advice and technology to business. In Italy, on the other hand, assistance is scattered: between law No 46, the ENEA [National Committee for Research and Development of Nuclear Energy and Alternative Energy Sources] and the CNR [National Research Council] no center has specific responsibility for innovation in minor business.

The Socialist Proposal

Other PSI deputies and I have introduced bill No 82, "Establishment of an Agency for the Promotion of Innovation for Small and Medium Business and Artisanal Industry"; the Honorable Mr. Grassucci and other PCI deputies have introduced bill No 1568, "Establishment of an Agency for the Promotion and Transfer of Innovation to Small and Medium Business and Artisanal Industry." These bills are intended to meet this need.

The two bills have many characteristics in common but also some significant differences, which I will talk about in the conclusion.

Bill No 82 is intended to favor modernization of productive cycles, the range of products, the use of natural resources and energy, working conditions, organizational systems and computer technology in small and medium business and artisanal industries. The assistance proposed is downstream from scientific research and is intended to stimulate the transfer of innovation to productive processes. It is a stimulus, not an incentive, and can be assisted by other legislation.

Bill No 82 has three characteristics: it grants real services rather than financial incentives; it is not subject to sectorial needs (as happened with law 675) and does away with the traditional mechanism of a quota reserved for small and medium business within a mechanism devoted to the benefit of large industry; and it proposes to link together the various local economies by going beyond the present centralistic basis.

It is a system with a double basis: the first is a central pole that coordinates, applies and promotes initiatives favoring innovation in small and medium businesses; the second basis is outlying poles that project and propose initiatives taking into account specific needs of local production and that, after approval by the central headquarters, manage the initiatives themselves.

This last point, i.e. the periphery, is the necessary starting point for illustrating how the law works. It is an extremely flexible and articulated mechanism.

The SVIPI (Small Business Technological Development Companies) are registered capital companies (based on a model statute and regulations issued by the Industry Ministry). SVIPI operating territories are not based on any regional or administrative districts but are allowed to form industrially homogeneous zones according to sectors or characteristics. SVIPI members may be local governments, trade associations, private and public research institutes, regional and promotional financiers, chambers of commerce, banking institutions and regionally operating companies. In this respect it is interesting to note that according to the bill no member may hold more than 40 percent of the company's shares, and the total participation by non-manufacturing members cannot exceed the same percentage. The intention is that manufacturing companies and their associations be dominant so that the most direct use can be made by those who intend to be in the forefront of innovation. The SVIPI's normal operating costs are funded by member contributions and receipts for services rendered.

What is the task of the SVIPI? They draw up programs for innovative technology as previously mentioned. These programs may be translated into various activities. These are mainly experimentation, i.e. SVIPI will assist businessmen in introducing new machinery and, more generally, new technology before they take the risk (as per Reviglio's observations) of

adopting these new technologies. SVIPI activities may consist in consulting and providing assistance, retrieving and diffusing information and adapting new technologies to sectors and similar divisions.

The programs formulated by SVIPI will be sent to a central agency that the bill names APIT (Technological Innovation Promotion Agency) under the auspices of the Industry Ministry and based on directives from the CIPI. Also according to the bill, APIT is made up of a chairman appointed by presidential decree, nominated by the Industry Ministry and seconded by the Council of Ministers; a Board of Directors presided over by the chairman and including a representative from the Industry Ministry, one from scientific research, three representatives from the regions within the SVIPI's territory, three representatives from business associations, one representative from the National Research Council, and one representative from ENEA.

APIT will avail itself of funds allocated to it (10 billion lire), verify the proposals submitted, and assign contracts to the SVIPI. APIT is to coordinate the various initiatives to ensure that resources are used wisely; it will take appropriate measures to ensure that the largest number of potentially interested users are involved in the program. It will provide for the publication of the results of technical applications in each of the SVIPI. However, APIT itself will make available consulting and patent application services and promote initiatives for locating, applying and acquiring technical knowledge that can be applied in small and medium businesses. At the direction of the Industry and Foreign ministries it may also cooperate on scientific and technical matters with international and foreign agencies that have similar purposes. The experimental and tentative nature of the proposal is shown in that it proposes to verify its impact on the business world. In the initial period of implementation of the law it is also planned that priority shall be given to areas of highly specialized production in order to increase the program's chances of being accepted in various forms by the business community. The bill provides that SVIPI projects be financed from funds intended for small and medium business (this, however, was before the passage of law 696, which uses the same funds; the means of financing will therefore have to be better spelled out).

If we make a new confrontation between bill No 82 of 1984 and No 46, we are encouraged that the mechanism proposed in the former is more advantageous for small and medium business. No 46 finances both research (through an IMI [Italian Credit Institute] fund) and innovation (through the Fund for Technological Innovation, under the Industry Ministry). The former must go through the complex IMI procedures; the latter, through the deliberations of the CIPI, which are so tortuous as to discourage small business. The financing provided under law 36 can be easy credit or a sinking fund; in any case, the financing is partial. On the other hand, law 82 provides complete financing through the above-mentioned mechanism of contracts (even though the applications may have to be revised and respecified).

If the two mechanisms are compared, we realize that they could be integrated as a practical matter. Indeed, No 46 is drafted more from the viewpoint of business (large to medium business) and in a centralized national perspective. Attention is focused on applied research projects. On the other hand, bill 82 has a definitely local perspective: the main participants are locals who work within a permanent structure intended to draw up innovative projects that are spread out among small businesses and that involve all the main critical points of organization and production. The intent of bill 82 is to mobilize local capacity and bring to the forefront associations and small companies that can study and manage initiatives of ample scope and duration. It is natural that this can best happen at the territorial level, because the territories are characterized by marked specialization of industrial production. This is the case anyway in many zones of this country.

If we consider financing, the fact that bill 82, unlike bill 46, provides complete financing takes on crucial importance for small and medium business. Indeed, innovation in small business usually affects the production process and is in the interest of a group of companies that individually have insufficient interest and/or means of affording the costs. The activity of transferring technological knowledge is more adequately structured in the SVIPI, which directly induces manufacturers to the principals in this process rather than through the mechanisms of law 46.

The Communist Proposal

Bill 1568 (Grossucci, Cerrina Feroni, et al.) provides for an agency at the national level constituted as a stock company with 70 percent of the capital subscribed by the Ministry of Industry and the rest in equal shares by the IMI, the ENEA, and the CNR, all agencies interested for various reasons in the problem of innovation and research. The agency may also ask others, such as business corporations, for capital shares, but these are limited to a maximum of 20 percent.

Without going into too much detail, two other main differences can be cited with respect to this bill. In the first place, the agency proposed by the Grassucci bill may be articulated into regional agencies within the regions affected. Essentially, the idea is to establish a system of regional offices, thus following, after a fashion, the example of the French ANVAR. However, a dialectical element is lacking: the relationship with more flexible companies and, territorially, with the SVIPI, where businessmen and their associates are principals and are the people most directly interested in the application of innovative processes. At the local level, the Grassucci proposal is assigned to the regions.

Another difference that should not be overlooked is access to benefits. In the Grassucci proposal, the special Revolving Fund for Applied Research and Innovation is transferred to the agency. (Both applied research and innovation are seen as being conceptually inseparable in the case of minor business.) The Fund is administered by the Agency that processes the

applications, considers them, and assigns contracts to business. However, proposal No 82 provides that contracts be assigned through the center, the APIT (which provides coordination only), and through the peripheral mechanisms of initiative and management, the SVIPI, which individual companies are supposed to deal with. It should also be remembered that the financing necessary for establishing the agency will come from the FIO (Fund for Investment and Employment).

While the agency, as the Grassucci proposal sees it, seems to be more structured, especially in its articulation at the peripheral level, the proposal to add a new organization (i.e. the agency) to already existing ones has raised perplexities and opposition in the course of the debate that has taken place in recent years. Some distrust a new government agency such as the APIT proposed in bill 82. If this distrust prevails, the establishment of an ad hoc fund might be considered, one that would be administered directly by the Industry Ministry (it might be called the Innovation Promotion Fund, or FOPIT), while the SVIPI territorial basis would remain as is. The SVIPI would then apply to the ministry's fund and not to a new agency. It might thus overcome the objections of those who are afraid of creating a new "boondoggle."

In any case, what is certain is that legislation is finally addressing concretely the problem of real services for small and medium business and artisanal industry. The means necessary for achieving our goals can be considered and refined in various ways. In this sense, the PSI proposal is open and suggests that the parliamentary commission hold some hearings in order to receive the opinions of those directly concerned. But no one can now evade the responsibility of achieving the objective of the legislation, which is to give small and medium business and artisanal industry a specific instrument of industrial policy, one that is designed to stimulate the transfer and diffusion of technological innovation.

8782

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ECONOMIC

ITALY

AILING SHIPBUILDING SECTOR RECEIVES GOVERNMENT FUNDS

Rome L'ESPRESSO in Italian 17 Feb 85 pp 131-132

[Article by Salvatore Tallarita: "A Boatload of Money"]

[Text] The shipyards are in sorry straits: not enough orders coming in, too many salesmen, and too many people on the payroll. To help them cut costs and get the new orders flowing in again, the government has put together a 1,650-billion-lire CARE package. Is it worth it?

ROME -- Treasury Minister Giovanni Goria was in a quandary. "It's all very well to pitch in and help in an emergency," he said, "but even so, 1,650 billion lire is a whole lot of money, and everybody knows that there is not enough in the treasury even to pay the interest on the debt." The Republicans and Liberals in the government, too, tend toward caution and even to go a bit beyond that when it comes to subsidies for the shipbuilding industry. The common angst centers on the fact that this money in the bailout plan "won't help the yards to get started again in Italy or abroad: the most it can do is patch up some of the leaks."

The people happiest at the new government lifeline to the shipyards, tossed them by Merchant Marine Minister Gianuario Carta, are, first of all, the unions (which have fought to hold the line on job levels). Smiling again too are the fleet-owners and the shipyards, now that they know there will be a rain of subsidies and emergency aid funds falling on their heads -- beginning any day now.

How did things come to this choice? To resolve the shipyards' problems, absent more jobs because of the decline in maritime traffic and hence in the demand for more ships, the government had its choice of two roads:

1. Agree to the restructuring plan put together by IRI-Fincantieri (with backing from all the major Italian yards), a plan calling for down-scaling production capacity at most yards, along with closing Genoa-Sestri and laying off more than 4,000 workers.

2. Save only what can actually be saved, resorting to a welfare type of solution. That would be the simplest way, as well as the most promising politically, albeit less attractive from the angle of restoring efficiency.

The second assumption is the very one that has come about. Laying itself open to the wrath of the European Community, which frowns on this kind of subsidies (and which could very well give them an unceremonious heave-ho), the government has embarked on a 3-year plan to keep the shipbuilding industry alive which, in practical terms, is merely a donation to a sinking fund: 650 billion lire will go to the fleet-owners, what with bonuses for scrapping and incentives to buy new ships (the government will take care of 25 percent of interest payments to the banks; and part of this will actually be paid out in a lump sum -- in advance); 20 billion lire are earmarked for research; the remaining 980 billion will go directly to the yards, to lower the prices of ships (as of now running 40 percent above the European averages). In all, it adds up to 1,650 billion.

Will that be enough? "The problem, in a nutshell, is this," says Industry Minister Renato Altissimo: "Is it worthwhile to appropriate funds for a sector that hasn't much future? The risk is that we could wind up as we did with steel: we are still forking out money to shut down plants."

The truth is that the decline of the shipyards dates all the way back to the world-wide move to scale down all fleets in the wake of the oil crisis of the Seventies, and to the entry onto the market of builders like Korea, which can afford to offer prices that in some cases are 100 percent cheaper than ours (Korea today controls 20 percent of the world demand for new ships, as compared with 7 percent for all the EEC countries put together and 55 percent for Japan).

Fears that this latest injection of money into our shipyards will amount to no more than a quick whiff of oxygen, are thus well-founded. And, in fact, while the yards that build navy ships are booked with orders well beyond 1986, those that build merchant ships have more than 50 percent of their work-force idled on wage supplements, and, just in order to stay open, some have even bought several contracts from the Japanese.

We have yet to mention the ships already built, but on which the buyer has refused to take delivery, citing deviations from the original design. Symbolic here are the cases of the Costa fleet (there was a dispute over the engines) and of the four banana-boats built for an Italo-Ecuadorian company and which, after arbitration in London, Fincantieri (which lost) had to take back.

The imminent arrival of funds, though, has opened up new negotiations: there are already firm orders for several motorships (including four ferryboats from Sidermar, a member of the IRI-Finmare

group) and other major orders will be coming in any day now: a large drilling-platform vessel for Micoperi (a gigantic investment of some 180 billion lire that would solve all Montefalcone's problems); enormous bulk-carriers to transport coal and similar cargos (at around 70-to-80 billion lire apiece); a new passenger flagship for the Costa group. "We expect it to be," said Nicola Costa, the company's youthful president, "a kind of travelling ambassador for 'made in Italy.'"

Also on the drawing-board are the ships (a score or so) with which IRI's Finmare plans to replace the public fleet-- both its passenger ships and its merchantmen. That may well lead to a head-on clash between the state-owned maritime financial group and the private-sector fleet operators. "The two investment groups are not compatible," warns Confitarma, the private-sector federation of shipyard operators, "if the state-owned fleet gets too much bigger, in addition to paying prices that are 'way out of line to keep Fincantieri happy, private fleet-owners will be left with no choice but to shelve their own construction plans."

One final complication here is the interest American and Northern European operators are beginning to show (negotiations are already under way) in setting up companies in Italy and in placing orders with our shipyards so as to take advantage of the recent easing of the rules. Upshot: a blizzard of new orders pouring in. The hazard, at this point, is that, spurred by the new largesse from the government, we may indeed wind up with a lot of new ships, but we won't know what to do with them.

6182

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ECONOMIC

ITALY

TRADE DEFICIT WITH USSR INCREASING

Milan MONDO ECONOMICO in Italian 17 Feb 85 pp 28-29

[Article by Donato De Gaetano: ["Can Exports Offset All That Gas"]]

[Text] Sometime in 1984, following the agreements stipulated between our country and the Soviet Union on the matter of natural gas supplies, expectations were born along with the improved conditions for two-way trade. That trade typically works out to a trade deficit for Italy, which over the past 3 years has taken on ominous proportions. From 1979 to 1984 that trade deficit has more than quadrupled, from 700 to around 3,000 billion lire. The same pattern, albeit in modest proportions, can be found in trade with the other State marketing countries and, principally, with the other European Comecon countries.

In addition to this, a close look reveals an anomaly between the Eastern countries' share of our total export volume and the percentage of trade payments to these countries vis-a-vis the overall deficit. In fact, if we look at 1982 and 1983, the quantity of Italian exports sent to Eastern Europe works out to 3.7 and 4.13 percent, respectively. Conversely, the size of the trade deficit vis-a-vis this area by comparison with the overall amount comes to 23 percent and 36 percent.

Gloomy Outlook

The trade imbalance is caused by our rising purchases of imports which, insofar as the USSR is concerned, have risen from 2,696 to 5,457 billion lire between 1980 and 1983. More than 75 percent of those imports consisted of crude oil and other non-metallic mineral products (natural gas). This latter aspect represents the built-in component of our country's trade deficit with Moscow, and it will be very difficult to get rid of it any time soon.

The forecasts are not heartening. The trade imbalance is stubborn and it is highly unlikely that we shall manage even to halve the deficit this year. Improving political conditions have not sufficed to turn the situation around. Clearly, there are some permanent rigidities, and they are to be found both in the selectivity

of imports, imposed by the Soviet authorities (they pick over the market and buy what they want most), and in our export structure.

Out in front in the market structure of Italian exports to the USSR come steel products; their share has ranged from a maximum of 33.3 percent in 1976 to a minimum of 14.2 percent in 1980, only to rise again to 20 percent in 1982. In 1983 there was a reduction (17.4 percent). In second place are iron and steel laminates, whose share came to 14.9, 14.3, and 13.2 percent, respectively, in 1981, 1982, and 1983. Third and fourth places go to non-electrical apparatus and to the machine industry. Together, the two items account for about 15 percent of Italian exports to Moscow.

These data should be kept in mind whenever there is talk of restoring the balance of trade with the USSR, underscoring our limits and the considerable lengths to which we must go to adapt to the requirements of technological modernization in the Soviet Union. In fact, given the prominence of the traditional sectors, we find ourselves selling products with high energy content and therefore low added value. It should also be emphasized, however, that this kind of production needs an outlet like this because it would be unsalable on other markets.

Of recent months there has been evidence of considerably more activism displayed by agencies public (IRI, ENI) and private (FIAT, Confundustria, and the Cooperative League). The purpose is to get a more or less sizable slice of the 2,500-3,000 billion lire the Soviets have pledged to spend on Italian-made products.

This greater commitment has been hailed as good news, particularly among small and medium-size companies. In actuality, it enhances the "level of adaptation" of our exports to the USSR's 5-Year Plans for socio-economic development. It should also be emphasized, though, that their intervention is contingent on the one hand on the specific expansion targets stipulated in the 5-Year Plans (intensified development in agriculture and food-production, development of light industry and hence more output of durable consumer goods, etc.), and on the other by the rigidity built into the structure of our own exports, not to mention problems of financing. Furthermore, in the years just ahead trade will increasingly start to focus on several high-tech sectors, beginning with biochemistry, electronics, energy, etc. That will perforce mean a shift in targets in the direction of technical and scientific cooperation.

There are, however, a few general limitations, analysis of which could provide a way around the contingency problems and start us looking at some more extended time-frames. The first of these limitations lies in the difficulty of access to the East European market. The reasons for this are to be sought primarily in the impossibility of dealing with these countries on the basis of the trade and financing relations generally accepted in international practice.

The Whole Deficit, Item by Item

Category	Value in billions	% of total	Trend since 1983
Exports to the USSR			
Cast iron, iron & steel	482.0	38.0	-
Mechanical equipment	387.2	30.5	-
Textiles, clothing	69.7	5.5	-
Chemical products	65.9	5.2	+
Electric machinery	48.9	3.9	+
Plastic materials	47.2	3.7	+
Footwear	38.8	3.1	+
Hides and leather	30.9	2.4	+
Optical instruments, cinecameras	19.3	1.5	-
Railroad cars and equipment	14.9	1.2	+
Natural and synthetic rubber	11.0	0.9	-
Motor vehicles, tractors	8.2	0.6	-
Other products	44.6	3.5	
TOTAL	1,266.6	100	- 9.7

Imports from the USSR

Mineral oils and fuels	2,787.2	89.2	+
Cast iron, iron, and steel	85.5	2.7	+
Lumber, charcoal	77.1	2.5	+
Chemical products and fertilizers	63.5	2.0	-
Cotton	19.9	0.6	-
Precious stones and metals	19.1	0.6	-
Silk	5.4	0.17	-
Mechanical equipment	4.1	0.13	-
Electrical machinery	3.9	0.12	+
Motor vehicles, tractors	2.5	0.08	-
Hides and leather	1.8	0.06	+
Artificial-fiber textiles	1.6	0.05	-
Other products	52.7	1.7	
TOTAL:	3,124.3	100	+ 30.9

SOURCE: Istat.

Compensation Agreements

This has to do with low-interest credit, payment procedures (predominant here are the compensation agreements), and the countless bureaucratic obstacles that make it excessively difficult to establish direct relations with the companies in those countries. In other words, these relations must be handled by central agencies. The situation as it stands (and will be hard to change over the short term) suggests that access to the markets of the East must be planned and coordinated at the central level.

The recent visit by Confindustria's president, while important in its goals, may prove inadequate unless it is coupled with a move by the Interministerial Committee on Foreign Economic Policy (CIPES) toward more comprehensive guidelines on our country's economic foreign policy toward this area (export credit insurance, banking policy in general, innovations in trade regulations, etc.).

Expectations of an upturn in trade between Italy and the USSR and the other East European countries are also involved in the overall trend in East-West economic relations. However, those expectations could blossom into reality if we seriously set about removing the barriers we have been discussing. It is going to take initiative on a vast scale, designed to redefine the role and position of Italy's foreign trade with the European Comecon countries.

6182

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ECONOMIC

PORTUGAL

POLL COMPARES PORTUGUESE, SPANISH INTEREST IN EEC MEMBERSHIP

Lisbon DIARIO DE NOTICIAS in Portuguese 6 Feb 85 pp 4-5

[Text] According to the data gathered by the Euro-Barometer polls to which the DIARIO DE NOTICIAS had access, the reaction to the process of membership in the Common Market is much greater in Spain than in Portugal, in terms of the opinion of the citizens. The opinion surveys, on the initiative of the European Communities Commission, reveal, for example, that in October and November of last year, 46 percent of the Portuguese still had no overall opinion about membership, while in Spain this group of undecided was 16 percent. On the other hand, during the same period, while 60 percent of the Spaniards considered that membership a good thing, only 27 percent of the Portuguese shared the same opinion.

The public opinion studies, the results of which are published under the title of Euro-Barometer in the Spring and Fall of each year, have been conducted since 1973 on the initiative of the European Communities Commission. In 1980, this study was extended to Greece and a short while later to Portugal and Spain, still on a partial basis.

An identical questionnaire is submitted in all member countries of the European Economic Community (EEC) to representative samples of the population 15 years old or over. For example, between 2 October and 4 November 1984, 9,911 persons were individually questioned in their homes by professional pollsters from national institutes, who conduct this field work in each country. These institutes, chosen by competitive bid, joined to form the European Omnibus Survey and are affiliated with the European Society for Opinion and Marketing Research and subscribe to the professional rules of that association.

Since October 1981, a "mini-poll" has been conducted in Spain and Portugal. To the usual questions pertaining to the personal interest expressed by the citizens of these two countries in the problems of the community and the importance which they attach to them, as well as to the overall attitude with regard to membership, has been added a special question, which was already asked in 1981, with a view to a better knowledge of the various factors that contribute to forming that overall attitude.

Resurgent Optimism

The survey at the end of 1984 dealt generally with the following topics: the morale of the Europeans and what they expect from 1985; the attitudes with regard to Europe, the EEC and the idea of forming the "United States of Europe"; a retrospective analysis of the election of the European Parliament in June 1984; and the Spaniards and Portuguese in the face of the prospect of membership. It is this last topic that will be analyzed here but to put it in context, it would be well to provide a note, even though superficial, on the morale of the Europeans on the basis of the results of the survey.

In the report that accompanies the poll data, it is mentioned that, even more than at the end of 1983, the general tendency is one of less pessimism, even of a resurgent optimism. Belgium, France and Ireland are countries that remain pessimistic, in their majority, while a balance between pessimistic and optimistic opinions was found in Luxembourg, the Netherlands and the United Kingdom. On the other hand, in Denmark, the Federal German Republic, Italy and Greece, it is noted that the optimistic responses significantly exceed the pessimistic ones.

With the exception of Denmark, the great majority of the people questioned continue to support a United Europe. Eight out of 10 citizens in the six founding countries, and 6 to 7 out of 10 in three other countries support the unification movement. In Denmark, the opponents of unification exceed the supporters (43 against 38 percent).

Regarding the reaction to membership in the EEC, on the average, one out of two Europeans considers it advantageous, although there exist big differences from country to country: majority public opinion in Luxembourg, the Netherlands, Italy and Ireland is favorable, while in Great Britain, 57 percent are opposed.

Iberian Disillusion?

With regard to Portugal and Spain, the report expresses the opinion that the degree of involvement of people is increasing slightly in both countries as the negotiations go on. Favorable attitudes remain at a high level but without progressing, having even declined a little since 1980 in the wake of a certain disillusion with the slow progress of the negotiations.

The truth is that, as Table I shows, the number of persons who consider the problems of the EEC very important and who are greatly interested in them has practically doubled from 1982 to 1984. On the other hand, the number of persons who do not attach any importance to the problems of the EEC has declined significantly (a reduction of one-third in Portugal and almost half in Spain). In any case, comparing the opinions in Portugal and Spain, one arrives at the conclusion that, proportionally, there are twice as many persons interested in the problems of the Common Market in the neighboring country than among us.

The number of persons who consider that the membership of their country will be a good thing (Table II) has not evolved significantly since 1980. In Portugal, it went from 24 to 27 percent and in Spain, from 58 to 60 percent. But some strange facts emerge, as for example the fact that the latest Spanish replies marked the highest level of support for membership, while in Portugal, the replies represented the average level of the variation that has already occurred. On the other hand, it should be noted that the highest figures for replies supporting membership occurred in Portugal in 1981 and 1983, while in Spain during the same periods, they reached some of the lowest levels in this evolution.

Evolution

In the period under analysis in Table II, in the case of Portugal, there is a drop of 13 points in the number of undecided or of those who did not want to answer. These points were "distributed"--in a nonscientific estimate--in the following manner: five points for those who consider membership in the EEC a bad thing; five for those who are indifferent about entry into the Common Market; and three for those who consider it a good thing.

Table III permits a breakdown of the various social levels and a comparison of their replies. Note, for example, the sharp difference in indecision between men and women, and how the figures for no replies increase with the age of the persons questioned. Naturally, those figures also increase as the figure for adequacy of information.

It is interesting to note the level of replies based on the political alignment of those queried: the highest figures in favor of EEC membership occur in the far left and in the right, followed by the center and the far right, with the left in last place. Meanwhile, the figures for those who are opposed to membership also rise for the far left and left, followed by the far right and the right, leaving the center with a relatively low figure for opposition to membership.

Finally, Table IV analyzes the advantages and disadvantages of membership in the opinion expressed by the Portuguese. From 1981 to 1984, there has not been any significant evolution in the replies, for each topic, that consider the effects of membership good or very good. Meanwhile, there has been an appreciable increase of replies that foresee bad results from membership, though at lower overall levels.

Table I. Comment of Portuguese and Spaniards on the Problems of the Common Market

Country	Comment(*)	Oct- Nov	May	Oct	Mar	Oct
		1982	1983	1983	1984	1984
Portu- guese	Very important/greatly interested	5	10	12	10	10
	Important/interested	8	9	9	12	13
	Normal importance/normally interested	12	17	16	18	18
	Of little importance/little interest	13	15	18	15	15
	Not important at all/not interested	62	49	45	45	44
Span- iards	Very important/greatly interested	13	11	14	14	21
	Important/interested	15	24	16	13	18
	Normal importance/normally interested	20	22	19	23	26
	Of little importance/little interest	21	16	17	20	16
	Not important at all/not interested	31	27	34	30	19

(*) The categories in which these comments are expressed were decoded by the DIARIO DE NOTICIAS from the symbols ++, +, =, -, and --, with which the persons queried were confronted.

Table II. Overall Opinion About Membership

Country	Date of inquiry	Opinion			
		Good thing	Neither good nor bad	Bad thing	Did not reply
Portugal	October 1980	24	11	6	59
	May-June 1981	31	10	6	53
	October 1981	20	13	7	60
	February-March 1982	24	14	7	55
	October-November 1982	23	16	6	55
	May 1983	28	16	8	48
	October-November 1983	30	23	9	38
	February-March 1984	28	19	12	41
	October-November 1984	27	16	11	46
Spain	April 1980	58	13	5	24
	December 1980	52	17	5	26
	March 1981	53	13	6	28
	October 1981	52	18	6	24
	April-May 1982	51	21	5	23
	October 1982	48	21	7	24
	May 1983	46	17	5	32
	October 1983	50	17	5	28
	March 1984	47	19	7	27
	October 1984	60	16	8	16

Note: The organization of the tables and the interpretation of the results is the responsibility of the DIARIO DE NOTICIAS.

Table III. Supporters and Opponents of Membership, in Portugal

Persons queried		Opinion			Did not reply
Group	Category	Good thing	Neither good nor bad	Bad thing	
Sex	Man	35	19	16	30
	Woman	20	13	7	60
Age	15-24 years	37	22	8	33
	25-39 years	30	19	16	35
	40-54 years	26	16	11	47
	55 years or over	18	8	8	66
Adequacy of information	Strong (leader)	30	31	30	9
	Upper average	47	18	22	13
	Lower average	40	18	14	28
	Weak (non-leader)	16	13	6	65
Degree of involvement	Low	10	14	9	67
	Medium	48	21	13	18
	High	57	17	14	12
Political ideology	Far left	43	8	25	24
	Left	31	21	26	22
	Center	39	23	8	30
	Right	45	16	12	27
	Far right	38	8	16	38
	Not classified	12	11	7	70
Total		27	16	11	46

Table IV. Advantages and Disadvantages of Membership, in Portugal

Topic	May-June and October 1981					October-November 1981				
	The effects will be				Did not reply	The effects will be				Did not reply
	Very good	Good	Bad	Very bad		Very good	Good	Bad	Very bad	
To reduce the risk of becoming involved in a war	3	17	6	2	72	2	16	9	1	72
For a selection of products found in the stores and supermarkets	4	25	5	1	65	5	30	7	1	57
For the role that the country can play in the world	4	20	4	1	71	3	23	5	1	68
For the possibility of better coping with the world economic crisis	3	22	4	1	70	4	24	7	1	64
For supplying the country with energy	4	25	3	-	68	2	23	5	1	69
For the functioning of democracy in the country	3	22	5	1	69	3	22	6	1	68
For exports	6	22	6	1	65	10	23	10	2	55
For the price of products in the stores and supermarkets	3	21	8	1	67	3	23	12	3	59
For agriculture	4	21	8	2	65	3	22	14	5	56
For the labor and job market	4	22	7	1	66	7	23	10	3	57
Average	4	22	5	1	68	4	23	9	2	62

ECONOMIC

PORTUGAL

ECONOMIC SYSTEM ENCOURAGES CAPITAL FLIGHT, INFLATION

Lisbon SEMANARIO in Portuguese 16 Feb 85 p 19

[Article by F. Sarsfield Cabral: "Penalizing Savings"]

[Text] The Portuguese economic system seems determined to encourage inflation and the flight of capital. In fact, what can a person do if he has been able to save some money and wants to protect himself against any future eventuality? In an attempt to defend the amount he has saved, he changes (illegally) this money into foreign currency, or he buys things (durable goods, precious objects etc.), which can better withstand the monetary erosion--that is to say, exporting capital or spending it in consumption are practically the only alternatives to losing money.

Look at term deposits, the favorite way of investing savings used by private individuals (when other methods of investment are wanting). The interest received by the depositors (after taxes) has almost always been lower than the rate of inflation and so, in real terms, the depositor loses money. Then the government, in its budget proposal for 1985, found it convenient to punish the depositor even more with an additional tax on the interest earned by term deposits. And the greed of the treasury people is such that they decided to levy a tax also on the deposits of immigrants, a most important source of national saving.

Obviously it is a good thing to eliminate the discriminations that exist in favor of term deposits and to the detriment of investments in bonds, or within these, in favor of debentures as against shares. But this should be done by stimulating the capital market and not by reducing the profitability (which, of itself, is already negative) of term deposits. Now what the budget has introduced as a measure of tax relief on dividends is insignificant, for, on the other hand, the stamp tax exemption provided for on capital gains and on the setting up of companies, as well as the exemption from the value-added tax on capital gains by the incorporation of reserves, does not seem to be a very bold step.

In short, saving is actively discouraged by penalizing bank deposits with no significant advance in the stimulation of the capital market. It is these circumstance and similar phenomena that the D. Brancas are in favor of.

Naturally, there has been no lack of good intentions. The thwarted (?) Financial and Economic Recovery Program spoke of the creation of funds for investment in movables and real estate, pension funds etc. (however, the market seems to favor insurance programs adapted to the inflation and which would supplement our weak and bureaucratized Social Welfare system). But in Portugal little is gained by what is said or written. In the meantime, in practice, the saver continues to get the punishment.

8089

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ECONOMIC

PORTUGAL

STUDY SHOWS EEC MEMBERSHIP TO BE NET LOSS

Lisbon A TARDE in Portuguese 11 Feb 85 pp 12-13

[Article by Nuno Jonet]

[Text] According to a study to which PORTUGUESE NEWS (NP) has had access, the balance between Portuguese contributions to the Community budget and the funds expended by the Community in Portugal after membership may be slightly unfavorable to Portugal. The study on the evaluation of the financial flow between Portugal and the European Economic Community (EEC) after membership, conducted by the European Commission with the support of the appropriate Portuguese services, took as its bases the statistical data for 1983, without taking into account the final results of negotiations in the agricultural sector.

Nevertheless, the essentials have already been obtained, although some changes may be made as a result of what is finally agreed upon in the agricultural sector.

The result, if a correction is not made in the meantime, will transform Portugal into an almost (or actual) net contributor to the Community budget, a situation that is hardly acceptable to the poorest of the 12 future member-states.

On the other hand, it would demolish the argument that cited the inflow of large financial resources as the great advantage of Portugal's membership in the European Community.

The evaluation now made is very clear in that respect: the Community funds that Portugal may use to modernize its productive machinery will be, at the most, equal to those that the Portuguese taxpayers will have to pay into the coffers of the European Community.

A Contribution of 25 Billion Escudos Annually

After membership, Portugal will have to participate in financing the European Community at a percentage that is based on the weight of the Portuguese product in the overall total of the product of all the member-states.

That will be a provisional system, for 3 years after Portugal joins, after which the Value Added Tax (VAT) will be applied here in the same manner as in the other countries of the European Community.

The contribution to the Community budget will then be a percentage of the revenues obtained from application of the VAT, a percentage that will be the same for all member-states.

During the provisional period, the Portuguese contribution to Community coffers will be in the order of ecus [European currency units] (25 billion escudos) annually, according to the calculations of the European Commission.

But Not Only That...

But in addition to that allotment, Portugal will also have to forward to Brussels the receipts from the collection of customs duties and from the application of what is called the levy system.

Through this system, the imports of agricultural products from world markets, normally at prices lower than those of the Community, are raised in price so that the bill paid by the importer will be equivalent to what he would have paid if he had bought from the Community, thus applying the principle of "Community preference."

Portugal, which buys in the world markets a large part of the agricultural products that it consumes, would have had to pay high levies under normal conditions, but it succeeded in arranging for 5 years that those related to grain (the major part) will remain in the country.

And Furthermore...; and Furthermore...

Finally, the Portuguese budget will also have to sustain the costs of financing the policy of cooperation of the European Community, as well as the increase of capital of the European Investment Bank.

All of these contributions total an amount that, according to the calculations of the European Commission, will probably exceed the amount of the funds that will be expended by the Community in Portugal.

These appropriations will be channeled above all through the so-called structural funds that will finance projects in Portugal considered of interest after being analyzed.

According to the hypotheses formulated by the commission's services, the essential part of those funds would come from the European Fund for Regional Development (FEDER), in the order of 200 million ecus (25 billion escudos), if Portugal succeeded in utilizing 40 percent of the sums placed at its disposal.

Portugal will also receive about 70 million ecus (8.7 billion escudos) annually for 10 years under the so-called agricultural modernization program.

However, the funds will only be disbursed as the projects are executed.

8711

CSO: 3542/120

ECONOMIC

PORTUGAL

BRIEFS

INTERNATIONAL LOAN--The Bank of Portugal announced yesterday that it had completed with six international banks the conditions for obtaining a loan for the Portuguese Republic in the amount of \$500 million. Contrary to recent speculation, the loan was concluded under better price conditions than those obtained in 1984 and includes new methods (cheaper) of attracting capital. It should be recalled that in order to cope with the deficit in the balance of payments and amortizations of the foreign debt, the country will have to contract foreign loans in the amount of close to \$2.5 billion in the course of 1985. [Text] [Lisbon EXPRESSO in Portuguese 9 Feb 85 p 1] 8711

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ECONOMIC

SWEDEN

SWEDISH INDUSTRY BITTER AT LOSING PRC ORDERS TO FRG, FRANCE

Stockholm DAGENS NYRETER in Swedish 20 Feb 85 p 10

[Article by Kerstin Kall: "No Large Orders Across the Wall"]

[Text] Swedish industry has lost several large competitive bids in China lately. Ericsson lost out on a bid valued at one half billion kronor in Beijing. Asea is out of the picture with respect to a water-generated power project in Lubuge and a large order for locomotives and a high-tension direct current power line went to Siemens, West Germany.

"Sweden did not get the market share we had expected to get from our efforts in China," said Ingmar Mjoman with Ericsson. "We are disturbed about this development. Exportation to China is declining, while importation is growing."

During the period January through October 1984, the value of our importation rose from 516 to 593 million kronor, while the value of our exported goods declined from 743 to 713 million kronor.

The Swedish-Chinese Trade Council is also very much concerned. Was there anything wrong with Sweden's marketing efforts?

"We have learned that the Chinese did not fully understand that Swedish industry is capable of handling the same size orders as the Japanese and the West European," said Ulf Gerbjorn with the Swedish-Chinese Trade Council. "We fear the Chinese did not understand how competitive we are."

Swedish industry is well out in front when it comes to smaller orders. "But it seems as if the Chinese are reluctant to give Sweden large orders," said Gerbjorn.

Many Visitors

During the past year, there has been a steady stream of visitors in both directions between Sweden and China: cabinet ministers have lined up in support of the big projects, but none of the bigger ones have been awarded to Swedish industry.

The contract for digital telephone exchanges in Beijing, valued at 500 million kronor, went to CIT-Alcatel in France.

"Still, our bid was very competitive," said Mjoman. "Our price was lower, and I believe that our technical quality is better. But, obviously, other factors were taken into consideration."

With respect to the large water-generated power project in Lubuge, on which Asea has spent much time and money, it appears that the order for turbines will go to Kvaerner in Norway, and the rest to West Germany.

"There has been an unprecedented struggle as far as the cost was concerned," said Ragnar Svedebrand, who has made many long trips to China to try to land the contract. "Norwegian industry got more help from the authorities with respect to export subsidies than we did."

The contract for a high-tension direct current power line between Gehoba and Shanghai went to Siemens, West Germany.

Locomotives Studied

And Sweden is also out of the picture concerning the large order for locomotives, which Asea had very much hoped to get, despite the many Chinese delegations that came here to study the Asea locomotives.

No decision has yet been made as to who will get the contract, but the final struggle is now reported to be between a Japanese and a West German consortium.

Sandvik is presently working on 10 projects in China, altogether valued at between 100 and 150 million kronor. Hans Forsberg with Sandvik International will go to Tianjin next Sunday to continue negotiations there concerning a mountain-drill factory and a steel mill.

For a long time, Sandvik has also been negotiating the modernization of a hard-metals factory in Tianjin, but seems to have lost the bid.

"But this was due to costs," said Forsberg. "We are still hopeful as far as our other projects are concerned."

In any event, the exchange of visitors between Sweden and China remains undiminished.

Will Head Delegation

Minister of Communications Curt Bostrom will head a large transportation and telecommunications delegation to China 15 March.

The following month, Minister of Energy Birgitta Dahl will join an energy delegation to China. A Swedish remote heating delegation will leave for China

at the end of April, and so will a Swedish mine delegation. At least this many Chinese delegations will be arriving in Sweden this spring.

"Based on our marketing efforts in China, I do not feel we should give up now, but hold on a little longer," said Eskil Lundberg with the Swedish embassy in Beijing.

He does not really subscribe to the theory that we fell short in marketing Sweden's competitiveness.

"Considering the number of high-level Chinese visitors to Sweden, there can be no doubt about our capacity," said Lundberg, who just now is visiting Sweden.

"The fact of the matter is simply that the competition in China today is tough and serious. The entire western industrial world is there competing for contracts."

The Swedish-Chinese Trade Council is considering whether Sweden perhaps should concentrate its marketing efforts in smaller Chinese provinces and cities.

"It should be kept in mind that they too have huge populations," said Ulf Gerbjorn.

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ECONOMIC

TURKEY

BALIKESIR'S SAYAKCI, ERSO'S ATAY ON MINE DECONTROL

Sayakci on Mine Nationalization Law

Istanbul DUNYA in Turkish 25 Feb 85 (Supplement) pp 3,4

[Interview with Tolga Sayakci, assembly member of the Balikesir Chamber of Industry]

[Text] Tolga Sayakci, assembly member of the Balikesir Chamber of Industry and an owner of the Sayakci Mining Corporation stated that the return of the mining areas nationalized in 1978 by Law No. 2172 to their former owners must be seen as a correction of an implementation which has, at the minimum, shaken the the principle of government by law its roots. Sayakci added that the private sector has played a determinant role in mining activities of the last 30 years.

Noting that the mining industry in Turkey has been steadily dragged onto an ideological platform and that Law No. 2172 was introduced in 1978 as a result of that, Sayakci said that it could not be expected that private sector mining could receive any encouragement in the existing economic-political structure. Sayakci responded to DUNYA's questions on the issue as follows:

DUNYA: It is said that our mining industry is generally not being utilized adequately. From that standpoint, could you tell us about the structure of the mining industry in Turkey and Turkey's mineral reserve situation as compared to other countries in the world?

Sayakci: The share of the mining industry in Turkey's gross national product is 2 percent. If we are to enumerate the causes of this situation under distinct headings, one reason is that although we have several kinds of mineral ores in our country, except for a few minerals--such as chromium, boron salts and perlite--mines with high-grade ore and large reserves have not been discovered so far. Furthermore, amateur miners and peasants (we call them volunteer geologists) have been the driving forces in the exploration and discovery of mines. Meanwhile, government organizations such as the Mining Research Institute, Etibank, the Turkish Coal Works and the Turkish Iron and Steel Works have not had a consistent success record so far even though hundreds of millions of Turkish liras have been allocated for them from the general budget and they have been able to build a base of qualified personnel and a large stock of equipment in the last 30 years. The private sector, on the other hand, is in a favorable position in this field from a standpoint of financing, knowhow and management.

The fact is that all the mine fields in Turkey were found and developed by the private sector, and just as the private sector has proven itself in the automotive, chemical and textile industries, it will give the same performance in the mining field "if restrictive factors are eliminated."

DUNYA: How much encouragement has the mining sector been given in our country? Also, how much interest has foreign capital shown to this sector?

Sayakci: The mining sector began to be developed in Turkey in the 1950's. Following the enactment of Law No. 6309 on Mines, the governments that came to power in the period 1950 to 1960 remained undecided about placing their priorities on government monopolies or on the private sector in their mining policies. The same indecision continued through the 1960's, and in fact views advocating increased state capitalism through state monopolies began to become dominant. In the 1970's, mining policy was set on an ideological platform as a consequence of certain political choices, and this resulted in Law No. 2172.

The private sector could not have been expected to have received any encouragement in this economic-political structure. Within the same structure, state monopolies, led by Etibank, worked intensely to secure and perpetuate a position as "sole gunman." The results of those efforts are well-known.

In this political atmosphere, the Turkish private mining sector received no support from the government other than within the framework of general incentives. Furthermore, in the years prior to nationalization in 1978 it was barred from investing in machinery and equipment in privately-owned boron salt mines and from building boric acid and borax plants needed to manufacture industrial products from boron salts. Foreign investors were also disconcerted by the atmosphere of economic and ideological terror over the mining sector in Turkey. As a result, we see that foreign investments in the mining sector are less than 1 percent of total foreign investments in other sectors.

DUNYA: It is now possible that some of the mines nationalized in 1978 on the basis of Law No. 2172 may be returned to their former owners. Mines classified as strategic by the government should also be returned in this process. What is meant by strategic mines? Have there been any marked differences in terms of production, exports and sales between the operation of these mines by the private sector before nationalization and by the public sector after nationalization?

Sayakci: Law No. 2172 was enacted in 1978 and began to be implemented in August 1979. As a result, all iron, boron and lignite mines discovered, developed and operated by Turkish entrepreneurs were turned over to the Turkish Iron and Steel Works, Etibank and the Turkish Coal Works, respectively. In the iron mines production declined from 4.198 million metric tons in 1978 to 2.855 million metric tons in 1982 (Haluk Cillov in the 7 February edition of *MILLIYET*). In boron salts, production dropped from approximately 600,000 metric tons before nationalization to 274,000 metric tons in 1983. In the case of lignite, domestic production fell so sharply that it became necessary to import it from overseas. The same course of action was taken in iron.

While Etibank and the Turkish Coal Works found various pretexts for years to explain the production declines in the mines they had taken over from the

private sector, the Turkish Iron and Steel Works acted more realistically and acknowledged that it cannot continue operating the iron mines. It asked the former owners of the mines to operate the mines as contractors.

The issue that caused the greatest amount of uproar particularly in certain circles was the claim that boron salts were "strategic minerals." This claim was made to turn over the boron mines discovered and operated by the private sector to government monopolies.

DUNYA: In other words, you think that this mineral that has been classified as strategic does not warrant that classification.

Sayakci: In order for a mineral to be classified as strategic, it must be unavailable at the time and in the quantities and grade desired and it must be used in the defense industry. Boron salts have neither of these characteristics. The world demand for boron salts is 2.5 million metric tons a year. Of that, 1.5 million metric tons are supplied by the United States and the rest is supplied by Turkey, the Soviet Union, China and India. In the last 40 years, the United States has been selling a major portion of its boron salt output to East Bloc countries. Boron salts are used as additives in the manufacture of fiberglass, glass wool, glass and porcelain and as fillers in the detergent industry.

The claim that boron salts are "strategic" minerals was invented by large American and British trusts in 1955 to avoid losing their markets in the Eastern Bloc to Turkey. The claim was invented with certain motives in mind and it is being perpetuated by force.

The seizure of property described as "nationalization" was applied to private boron salt reserves which constituted only 5 percent of the country's total reserves. Et bank controlled the remaining 95 percent before nationalization. However, although the private sector controlled only 5 percent of the reserves it accounted for 75 percent of Turkey's boron salt exports, and it was able to sell the ore at higher prices than the government. The government bureaucracy was unsettled by this situation and sought ways to eliminate comparisons in the success rates between the two sectors. Consequently, they were particularly pleased with the ideologic approach of the political administrations of the period toward the issue of boron salts.

DUNYA: In conclusion, what do you think, as a mine owner, about the return of the nationalized mines to their former owners?

Sayakci: The return of the nationalized mines to their former owners is of importance from two standpoints. Firstly, from the standpoint of government by law, by implementing Law No. 2172 government monopolies have effected a transfer of resources without compensation--disregarding the principles of fair value and cash payment--thus violating the constitutional order of the time. The nationalization law not only revoked existing liberties and privileges, but also resulted in the seizure of the mine operators' entire stock of movable and immovable property in the mines. In addition to the act of expropriation, an act of requisition was committed for the first time in the history of the

republic. This event has shaken the confidence of the free enterprise system and foreign investors in the reliability of the government. Consequently, the return of the nationalized mines to their former owners should be seen as a correction of an implementation that has shaken the principle of government by law at its foundations.

Atay on Coal Mines to Former Owners

Istanbul DUNYA in Turkish 25 Feb 85 (Supplement) p 4

[Interview with Erdogan Atay, member of the Ore Recovery Industry Committee of the Aegean Region Chamber of Industry]

[Text] Erdogan Atay, member of the Ore Recovery Industry Committee of the Aegean Region Chamber of Industry [EBSO], stated that although the energy crisis that emerged as a result of rising oil prices made coal a viable alternative fuel in our country investments that have been made so far in the mining field have remained at inadequate levels because of inconsistent policies.

Stating that the legislative changes that are planned must include provisions to correct past deficiencies in implementation as well as incentives and easements to encourage miners, Atay said that bringing foreign investments and technology into the country under suitable conditions would be beneficial for the optimum utilization of existing reserves, the development of new production projects and the modernization of existing installations. Erdogan Atay's responses to our questions on mining were as follows:

DUNYA: Has there been growth in coal production capacity since the nationalization of the coal mines?

Atay: The coal mines were nationalized on the basis of the politically motivated Law No. 2172 enacted in 1978 and this faulty implementation completely ended the activities of the private sector in the coal mining business. Many of the mines which were nationalized and turned over to the Turkish Coal Works [TKI] were never operated, and there have been major production declines in some coalfields with large reserves. Production dropped from a total of 5 million metric tons a year before nationalization to 4 million metric tons in 1978 and 3.828 million metric tons in 1979 in the 30 coalfields that were kept operational. It took 4 years for production in these fields to return to pre-nationalization levels. As is seen, this implementation has not produced the desired results, and the fact that the energy crisis has assumed even bigger proportions has shown that the problems were not caused by the presence of the private sector in this area.

The reasons for the failure to achieve production gains can be enumerated as the TKI's lack of preparation to carry such a large burden, equipment and financing difficulties and inexperienced personnel. However, the answer to that question is fully contained in the preamble to the bill that envisions amending Law No. 6309 on Mining: "The goal of this draft bill is to utilize the private sector's creative power and rational management techniques and its ability to create capital and resources."

DUNYA: The return of nationalized mines to their former owners is now under discussion. Is the private sector ready for such a move?

Atay: The draft bill to amend Law No. 6309 is still awaiting the approval of the Council of Ministers, and it is not known what its final form will be. However, if the nationalized mines are returned to their former owners, naturally the mine operators--who sold their equipment, laid off their personnel and invested their money in other businesses--will not find it easy to return to their old jobs, and the issue of how this return will be effected will naturally cause major problems. We hope that the legislative amendment that is being planned takes these factors into account and provides for easements and incentives to remedy problems encountered in past implementation and to encourage miners.

In the event the process of returning the nationalized coal mines to their former owners becomes a reality, in view of the aforementioned difficulties, it will be necessary to create new sources of financing, and this, in our opinion, will necessitate incorporation. The energy crisis caused by the rise in oil prices has made coal a viable fuel alternative in our country. In the face of the need to replace oil with coal in industry, residential heating and electricity generation, lignite, which can be found virtually in all parts of our country, must be looked upon as a major resource that can solve our energy problems in the short and medium term. Raising the role of this important resource in our energy policies to the desired level is possible only by increasing production rapidly in the shortest possible time. To do that, our energy policies must be planned very carefully, and steps must be taken to utilize all of our coal reserves and to provide for the development of new production projects. It is essential to support our mining sector, in particular the coal miners, with special incentive and credit measures within the framework of a system which seeks to further our national interests and which does not discriminate between the private and public sectors. One of the major problems of the coal mining operations is transportation. Despite that, there is no long-term project to resolve that problem, and the state enterprises are keeping their transportation spending to a minimum concentrating mainly on meeting local demand. A large part of the coal reserves in Turkey have a calorific value of 2,000 to 2,500 calories [per kilogram] and are unfortunately unsuitable for widespread use in industry. The industrial sector typically requires grades of coal with calorific values of at least 4,000 to 4,500 calories and prefers to import such coal even if it costs more. That situation points to the need to improve production quality and to enrich the calorific value of domestic coal. However, the coal mining industry, which generally requires large investments, can effect such a modernization move to the extent that it is provided with stability and extensive financing and technological facilities.

DUNYA: Would the importation of foreign capital and technology be beneficial for the purpose of improving production quality and modernizing the mining industry?

Atay: Investments made in the mining sector have unfortunately remained at inadequate levels so far as a result of inconsistent implementations. Bringing foreign investments and technology to our country under suitable conditions

would be beneficial for the optimum utilization of our mineral reserves, the development of new production projects and the modernization of existing production units. Also, the consolidation of mineral exporters into a single exporting corporation would strengthen our hand in mineral exports. In that regard, I would like to state that the Mineral Exporters' Association is successfully trying to form such an organization.

9588
CSO: 3554/99

4 April 1985

ECONOMIC

TURKEY

HUNAL, YAKAL ON STATE VERSUS PRIVATE SECTOR MINING

Coal Mines to Private Sector

Istanbul DUNYA in Turkish 25 Feb 85 (Supplement) p 5

[Article by Serif Hunal of Krolin Mining Corporation]

[Text] Underground assets belong to the nation, but these assets mean nothing if they remain below the ground. The public's interests will be served only if these underground resources are exploited for the benefit of the country's economy. The key question here is not who will exploit these resources, but how they will be exploited. It would not be right to think that the public interest will be served if these resources are exploited by a public service corporation and that the public will not benefit or that its interests will be jeopardized if the exploitation is done by the private sector. It is absolutely essential that no matter who exploits underground resources a proven mineral deposit be utilized with the least amount of waste and at minimum cost within the framework of a master plan drawn up by the state and under the close supervision of the state. Six years have passed since the provisions of Law No. 2172 began to be implemented. The record of those years shows that there has been a marked drop in mining production, as stated in the government's program. The public interest is not served if there is no production. In certain mines production may have been kept low or some fields may have been completely shut down as a matter of government policy, but in all formerly private coalfields nationalized by the government none of the production targets set by government plans and programs have been attained. There is a large demand for coal in our country for the thermal power plants that are being built, for industry and for the people's heating needs. The declining production in the nationalized coalfields has resulted in a shortfall that is growing bigger every day.

The mine operators whose coalfields were nationalized want to have their mines back so that they can participate in the current drive for increased production to meet the coal needs of our country. Their demand for the return of these mines is not an unconditional demand. Private sector mine operators who want their coalfields returned are prepared to guarantee to the government that they will meet production targets set by the government.

Mine operators who cannot meet production targets set by the government before a prescribed deadline and in a prescribed manner must be made to return their mines to the state and must be subjected to penalties that must be set by legislation. Mine operators who want to have their mines returned must guarantee to reimburse the government, within a reasonable time framework, for the value-enhancing investments made by the pertinent public service corporation on the mines to be returned. Mine production targets must be set by the pertinent public service corporation on the basis of the technical capacity of the mine, and the private sector firms that take over the mines must be made to meet these targets under the supervision of the government. The private sector that takes over a mine must act responsibly with respect to the investments required to meet the production targets, and mine production in the field concerned must proceed in accordance with a master plan drawn up by the government for the region where the mine is located. A coalfield that is returned must be committed to supply coal to an existing or future thermal power plant for the entire economic lifetime of the field. In this regard the owners of the coalfield must post the amount of money that they plan to invest in the coalfield. Mine owners must also be required to maintain a coal reserve sufficient to supply thermal power plants for one year with the amount of coal they are committed to provide. This requirement must also be imposed on public corporations supplying coal to power plants. In the event private sector mine operators committed to supply coal to power plants fail to fulfill their obligations--except under emergency circumstances--or if they want to get out of the mining business, their coalfields must be returned to the government and the investments they have made in accordance with their pledges must be turned over to the pertinent public service corporations. In such circumstances, the government must have the right to sue the mining firm concerned for damages. Furthermore, the government must be able to turn over the coal reserve held for the power plant to the pertinent public service corporation as part of the private firm's liability. The most important factor that must be observed here is that mining is an industry branch where investments must be compatible with its structure. Consequently, in mining there is a greater need for legal safeguards than in other branches of industry. If we want to have higher investments and production in the mining sector, we must first inspire confidence in the serious organizations that want to work and invest in this field. In order for the private sector and the foreign investors to invest in mining and to meet the government's production targets, it is essential that they be free of the fear of nationalization and that they feel that they can work for many years without being bothered by the government. A mining firm that invests in a field with the aim of large-scale production cannot use its investments in areas other than mining. Large permanent and fixed installations (coal grading and processing plants, maintenance and repair shops, social and technical installations, roads, mine galleries and wells and other similar fixed investments); machines necessary for large-scale production (excavating machines with capacities of hundreds of tons, trucks with capacities of more than 100 tons and other similar equipment)--incidentally, even the assembly of this equipment at the work site takes a few months--are investments that cannot be used in other areas by the investing mining firm.

If the firm is made to guarantee its investments, even if productions starts to lag the pertinent public service corporation will be able take over the

installations and the equipment required to continue production and thus there will not be any break in production. In fact, since the investment money will already have been put up the management of the mine can be turned over to another private firm.

We can never attain the desired goals in mining with a mentality which bars our own citizens from investing in mining, which nationalizes all private sector mines where investments have been made and which are producing ore, which insists on keeping public service corporations in possession of these mines despite their manifest failures in the last four years and which does not want to give a chance to private sector miners who are prepared to provide every type of pledge for production and investments that may be required.

In accordance with the mixed economic system we have endorsed, the private and public sectors must join hands in the mining sector. Our government does not possess sufficient resources to run every type of economic activity. Placing new burdens on public service corporations which cannot run the mines they have because of technical, financial and other deficiencies is both unnecessary and unbeneficial. Such a policy can, on the contrary, hinder us from attaining our goals.

Virtually all of the coalfields which are envisioned to supply coal to thermal power plants can be run as open-pit mines. The work done on open-pit mines now is for production at least one year from now. By modifying the form of these preparations it is possible to control ahead of time the patterns of future production. Since we are presuming that all work should be carried out under strict government supervision, measures can be taken early in time to prevent coalfield production from falling to such levels as to jeopardize the supply needs of the power plants. If a mining firm cannot work in accordance with the government's program, the government may step in before it is too late and may demand from the company to take the necessary steps. If the firm does not comply with this demand immediately, legal steps can be taken against it. The country would benefit enormously if the Turkish Coal Works--which currently cannot meet its commitments to supply coal to thermal power plants--could be forced to compete with private sector firms which are operational and which are prepared to do everything that is required of them.

Private sector mining firms are prepared to give every possible form of guarantee that they can sell the coal they are committed to supply to power plants at prices that are as much as 20 percent less than the cost price of public corporations working under the same conditions. To give a concrete example, we would like to cite a private sector firm which was the foremost proponent of the building of the thermal power plant at Soma and which made a bid to supply the plant's coal requirement of 1.5 million metric tons a year. In 1978, that is before even the power plant was built, this firm stockpiled 1.76 million metric tons of coal in anticipation of the needs of the power plant and raised its annual production capacity to 2 million metric tons. Furthermore, at the beginning of 1978 it was planning to raise its production capacity to 3 million metric tons a year as documented by the investment and production program submitted to the Turkish Coal Works. In the six years since the nationalization of the firm's coalfields, the public corporation that inherited all these investments has been able to produce an amount that is

equivalent to only one year of production by the said firm despite the fact that the public corporation had much of the work done by private contractors. In the meanwhile, the Soma power plant has become operational, but because it cannot procure sufficient quantities of the required grade of coal it has been forced to fill the shortfall with petroleum products, and its electricity output has remained below nominal levels. Soma and other towns in the region have had to fill their coal needs from coalfields in other provinces. The most obvious sign of the inadequacy of and the decline in coal production was that a cement factory in Izmir which had worked with coal from Soma for 25 years and which had had no trouble in procuring coal until the nationalization of the coalfields had to import lignite for the first time in Turkey's history. Another factory in Izmir was also forced to import its lignite from abroad. This year it is planned to import 1 million metric tons of coal from abroad.

A comparison of the coal production figures of the last 13 years clearly shows that in the last 6 years coal production in the coalfields taken from the best-managed private mining firms has remained far below pre-nationalization levels even though all the production equipment was also nationalized with the mines. The figures show that production in 1982 barely reached 50 percent of the 1978 production levels. Even this production, however, was not achieved with the government's own resources and resources taken over together with the mines in 1978. Coal production in 1982 reached 50.9 percent of the 1978 production level thanks to the contracts amounting of millions of cubic meters of production awarded to private sector firms. This is an obvious and disconcerting indication of how harmful the implementation of Law No. 2172 has been.

This anti-private-sector mentality in the mining sector must be ended immediately. An environment must be created whereby local and foreign investors can make the desired outlays with confidence. All nationalized mines, without exception, must be eligible for return to the private sector, and all private mine operators who can provide investment guarantees and who pledge to meet production targets must be given their coalfields back. Mine operators who cannot provide the necessary guarantees on these issues must not be given their mines back. Mine operators who get their coalfields back must reimburse the pertinent public service corporations for value-enhancing investments in the mines. This way, the atmosphere of uncertainty and dispute created over mines as a result of nationalization will be ended, and private firms which undertake to run the coalfields will take their places in our country's production drive in the desired atmosphere of confidence. The debate overseas about the policies implemented with regard to mines in Turkey will also be ended.

Our President correctly pointed out that "We have mines, but we cannot operate them and we are not giving them to those who should operate them." Inspired by those remarks, we would like to see our private sector take its place in the operation of our mines. In compliance with the mixed economy system we have endorsed we would like to compete in mineral production with government corporations. We believe that the Turkish nation can progress only if our government and our people join hands. If everyone can become as eager and as enthusiastic as our miners in our drive for development, we can achieve our goals in much less time.

Private Partnership in Boron Mining

Istanbul DUNYA in Turkish 25 Feb 85 (Supplement) p 5

[Article by Korkut Yakal, Director of Yakal Borasit Corporation]

[Text] The reemergence of the public debate on the Mining Law has brought with it a number of positive as well as negative arguments. The proponents of the nationalization of mines ignore in their arguments the successes of the private sector and the experience and the knowledge it has gained since the establishment of the republic. The mining sector did not receive any government assistance for years, and it was dealt a major blow by Laws No. 2172 and 2840. Now there seems to be an attempt to create the impression that private entrepreneurs cannot run this business.

The nationalization of mines--which were built entirely through the efforts of the private sector and which were turned into profitable businesses--and their transfer to Etibank in exchange for nominal compensation amounts, has broken the enterprising spirit of the private sector in this area and has discouraged foreign capital from investing in Turkish mines. In this article we will try to survey the results of the nationalization of mines and we will explain the facts that have emerged in the period since nationalization took effect.

At the time the mines were nationalized in 1979, the following charges were made:

--Some mines are of strategic value; their operation cannot be left in private hands.

--Mining investments are large and extensive; the private sector cannot realize investments of such magnitude.

--The private sector cannot market minerals properly. If the marketing of minerals is left to the private sector they may be sold for next to nothing. Furthermore, using clever price manipulations, the private sector may avoid bringing its foreign exchange earnings home and may forfeit taxes on its earnings.

These charges did not reflect the truth when they were made at the time the nationalization law was enacted, and they do not reflect the truth today. The time that has elapsed has highlighted the baselessness of the reasons given for nationalization, but these years have weakened the spirit and the knowledge base of the private sector in the mining field and have caused major losses to the country's economy.

Changed Definition of Strategic Minerals

The biggest debate on strategic minerals has been taking place around boron. In order for a mineral to be declared a strategic mineral, it must be used in the defense industry, it must not be available on demand and its possession by an enemy power must be seen as objectionable. However, as early as 1958-1961 boron salts were dropped from NATO's strategic minerals list known as Cocom, and, in fact the United States began selling these minerals to socialist

countries starting in 1961. On the other hand, in the case of petroleum, which has become strategically as important as boron, the private sector as well as foreign firms are invited--or even encouraged--to take part in exploration and production.

Investment Capacity

The second charge that was leveled was that large-scale investments are required in the mining sector and that the private sector does not have the capacity to do that. The Turkish private sector has reached the stage where it can realize such investments. With its experience, its trained personnel and its successes the Turkish private sector can attract large domestic and foreign loans and can realize every type of investment.

Success in Marketing

Figures from past years can be evaluated objectively to decide who has been more successful in the marketing and exports of minerals. As is seen in Table I, [in the period 1961-1970] the private sector's selling prices and export volumes generally surpassed those of the public sector.

Table I. Boron Salts Exports (1961 - 1970)

<u>Year</u>	<u>Private Sector</u>		<u>Public Sector</u>	
	<u>Amount</u> <u>(metric tons)</u>	<u>Price</u> <u>(dollars)</u>	<u>Amount</u> <u>(metric tons)</u>	<u>Price</u> <u>(dollars)</u>
1961	53,757	34.03	6,470	32.66
1962	67,032	31.21	29,732	28.19
1963	58,636	30.57	41,107	27.19
1964	71,668	30.56	49,991	24.71
1965	87,041	30.62	80,220	23.58
1966	112,225	30.02	66,110	23.66
1967	132,760	29.88	78,572	23.84
1968	149,699	31.46	90,575	24.20
1969	185,535	32.26	113,871	25.62
1970	211,883	32.75	122,408	26.49

Source: Annual reports of 'Turkish Miners' Association Price Registration Department

In later years private and public sector export prices and amounts were as shown in Table II.

After mines began to be nationalized in June 1979, the private sector was able to sell only a low-grade powder ore obtained through the processing of ore residues. A comparison of the figures for 1979 shows that the private sector has always and under all circumstances been able to sell boron salts at higher prices than the public sector.

In the world mineral market, it is not a rational and economically sound policy to cut the price of minerals that can be sold at higher prices with an eye to increasing the sales volume. Furthermore, the government can always control

prices. Since the costs of the private sector are lower than those of the public sector, for identical prices the private sector will turn a larger profit and thus can pay higher taxes to the government.

Our explanations above clearly point to the need for the collaboration of the private sector with state enterprises in the operation of boron salt mines and for the utilization of the dynamic nature of the private sector.

Table II. Boron Salts Exports (1978 - 1982)

<u>Year</u>	<u>Private Sector</u>		<u>Public Sector</u>	
	<u>Amount</u> <u>(metric tons)</u>	<u>Price</u> <u>(dollars)</u>	<u>Amount</u> <u>(metric tons)</u>	<u>Price</u> <u>(dollars)</u>
1978	418,384	105.12	217,725	100.57
1979	238,045	147.24	257,820	121.09
1980	92,126	166.36	504,445	176.06
1981	48,065	139.75	328,470	166.15
1982	55,605	152.37	234,819	172.71

Source: Ministry of Trade, Mineral Exporters' Association, Bandirma Customs Directorate General

Conclusion

With proper regulation of the mines mineral production and productivity can be increased whether the mines are owned by the private sector or the government. This regulation can be implemented by a group of government geologists, mining engineers and tax auditors. The geologists can determine whether the ore reserves are being efficiently exploited, the mining engineers can check production methods and mine safety and the tax auditors can protect the government's financial interests. Thus there can be government regulation at less cost than today's losses.

In boron mining, marketing is more important than production or reserves. This fact necessitates the control of prices as before.

9588

CSO: 3554/98

ENERGY

BELGIUM

NATURAL GAS SUPPLY, CONTRACTS, RETAIL PRICE

Brussels LE SOIR in French 22 Feb 85 pp 1,7

/Article by M. Vanden Driessche/

/Text/ If happiness at times consists in escaping a widespread misfortune, natural gas consumers have been happy people the past few weeks: the price of this fuel has remained stable while that of petroleum products, such as heating oil, has continued to rise.

However, for these natural gas consumers this happiness could soon end. In fact, the financial reserves which have permitted the maintenance of the natural gas price at the same level since October are nearly exhausted; and "normal" price rises should be restored within a few weeks...

What is more, we will not drown in a surplus of natural gas...Belgium has in fact just renegotiated its supply contract with the Netherlands. This is a fundamental renegotiation since, within the context of a rise in natural gas consumption, the prospects for our natural gas supplies are changed considerably. And the coming months will be just as important. "Red-letter" will be the adjective used to characterize 1985. That is because of the severity of a winter which was as opportune for our gas-delivery contractual obligations as it was for the marketing authorities of the distributing companies who were not averse to emphasizing the constant price of domestic natural gas vis-a-vis petroleum products which were following the mad upward spiral of the dollar...

In this regard, however, natural gas consumers should no longer delude themselves. Within a few weeks, the price will once again be "normal," will no longer be artificially sustained at its November 1984 level. We recall that to permit it to meet its contractual obligations with regard to deliveries of natural gas from the Netherlands and to enable it to avoid payment of penalties, the Natural Gas and Electricity Control Committee had authorized DISTRIGAZ to sell certain quantities at "promotional" prices to new industrial customers and to "interruptible" customers, that is, customers in a position to switch easily to another fuel or to accept supply interruptions to consumption points.

This policy permitted the sale of 1 billion cubic meters of supplementary natural gas in 1984, the profits from which, at the request of the Natural Gas and Electricity Control Committee, have been used since October 1984 to moderate the price charged to domestic consumers, except for a certain amount earmarked for a fund set up as a safeguard against supply interruptions. That said, from a sum of more than 1 billion francs, the reserves have fallen to about 100 million: the "normal" price will not be long in making its reappearance, which will be all the more painful because natural gas is indexed, after a short delay, to the price of petroleum products.

A Model of Renegotiation

That said, the price rise could be attenuated by the new terms of the contract with GASUNIE: the Netherlands has in effect accepted not only a price reduction of 5 to 10 percent but also greater flexibility in deliveries. In return for this, Belgium has renewed until 2010 a contract which originally was to be in force from 1966 to 1996 and which involved 181 billion cubic meters, of which about 50 billion cubic meters remain. The greater flexibility which DISTRIGAZ has been given with respect to deliveries derives from the fact that beginning in October 1986 it will be necessary to take delivery of 35 billion cubic meters in 10 years, but in increments which could vary from one year to another, provided delivery is taken on a minimum percentage every year.

This price reduction granted by GASUNIE and this new flexibility in deliveries, in addition to serving Belgium's interests, should also provide a model for another natural gas contract negotiation: the natural gas contract with Algeria. Plans have been made to meet and talk about prices during the last 6 months of the year. Prices, we must remember, are about 30 percent higher at the Belgian border than Dutch and Norwegian natural gas prices because of transportation, liquefaction and regasification processes, etc. The rise in the price of the dollar has practically erased the effects of the price drop experienced following the last oil price reduction--to which Algerian natural gas is indexed--agreed to by OPEC.

However, beginning in 1986, plans call for increasing the quantities of natural gas from Algeria progressively from 2.5 billion to 5 billion cubic meters. And Belgium, as it has been saying for several months, would also like to see these quantities reduced. That is not provided in the contract, as the Algerian ambassador to Brussels, Mr Ghozali, is all the more ready to emphasize because this question of quantities was not taken up at the time of the 1981 renegotiation, when Belgium could have done so...

No matter. Algeria, which, it is true, has agreed to enormous investments, now finds itself confronting a suspended contract with the United States and arbitration with Spain that has taken delivery on only one-third of the quantities scheduled) on which a compromise should be reached in the near future. Belgium, which is now paying a high price for Algerian natural gas, has reviewed its accounts and requirements. In consideration of another 5 percent increase in consumption and the renegotiation of the Dutch contract, the expected surplus, with the import of 5 billion cubic meters of natural gas from Algeria, will be 800 million cubic meters, that is 10 percent of total consumption. Much less than we were thinking as recently as a few months ago. Therefore, DISTRIGAZ will sit down at the table with Algeria's SONATRACH in a much calmer frame of mind. And we may well wonder whether the Belgians are not going to settle for a lesser price reduction than they could expect, in return for a small reduction in quantities...

Then there is Norwegian natural gas. At present, Belgium is buying 2 billion cubic meters which come from the Ekofisk deposit; and the government is expected to ratify DISTRIGAZ's commitments, which were made within the framework of a European consortium and cover the delivery of 500 million cubic meters from the Heimdal and Gullfaks deposits, with the green light already having been given for Straffjord. These most recent approvals are expected to be given in the near future, thanks principally to the fact that the contracts include a price revision clause, even if Norwegian natural gas again becomes quite costly, because of the investments agreed to. But Belgium is operating within the framework of a consortium; and, what is more, the purchase of these small quantities opens the door to the enormous Troll deposit, which is the largest maritime deposit in the world (1.3 trillion cubic meters) which are to be exploited beginning in 1995.

But in this sector an obstacle has just arisen: the breaking of the contract signed by the British for the Sleipner deposit, which could again bring into question the exploitation of the Troll deposit, since the Norwegians wish to engage in exploitation in the order planned. For some experts, the future of the Troll exploitation, therefore, has again been rendered problematical by the British decision and, consequently, so is the future, of the European natural gas supply structures, circa 2000. The more so because the Russians are still sellers and the moderate level of the prices of their natural gas exerts pressure on the other suppliers, something that the consumer countries are not failing to exploit.

The profitability of the Norwegian deposits, therefore, could well be called into question. Be that as it may, from now on it is certain that as well as a general trend toward revision of the prices and quantities of the contracts signed in the euphoria of the 1970's, the natural gas supply sector of Europe and Belgium is going to experience profound disruptions in the coming years.

ENERGY

FINLAND

ENERGY CONSUMPTION ROSE IN 1984, THOUGH OIL USE DROPPED

Helsinki UUSI SUOMI in Finnish 1 Mar 85 p 23

[Article: "Energy Consumption Definitely on the Increase"]

[Text] Energy consumption increased 4 percent last year. The decrease in oil consumption slowed down, the consumption of electricity continued to increase, and the use of domestic fuels went up or the trend was the same as in previous years. Contrary to recent years, more energy was used per unit of national product.

The self-sufficiency level of energy management remained around the level of recent years or 31 percent.

The consumption of electric energy increased 7.5 percent. In the current decade average growth has been slower or approximately 5 percent annually. Nuclear power production was record-breaking and 37 percent of the total consumption of electricity and 42 percent of the electricity produced in the country was produced by nuclear energy.

The share of oil in Finland's energy management continued to decline. Last year 34 percent of all energy was produced by oil while in the previous year oil's share was still 36 percent.

The consumption of peat increased approximately 10 percent. The use of transportation fuels increased just as rapidly as it did in the previous year. The record-breaking sales of personal automobiles raised the consumption figures for gasoline by almost 3 percent.

The use of coal increased at a rapid rate and its consumption continued to rise quickly.

The use of natural gas also increased by more than 10 percent after a downward trend in consumption for several years. Last year the value of imported energy decreased 0.4 billion to 18.5 billion markkaa.

The price consumers paid for fuels increased by nearly one-tenth in a year's time.

10576
CSO: 3617/90

ENERGY

PORTUGAL

PROJECTION OF, PLANS FOR ENERGY NEEDS CITED

Lisbon O JORNAL in Portuguese 15-21 Feb 85 p 17

[Text] The first coal-burning thermal group of the EDP [Portuguese Electric Company] power station in Sines will be connected to the network this coming month of March. With its entry into industrial service in August, the EDP will have an additional electric energy production of 1,600 GWH/year, greater than the consumption of the Lisbon municipality.

The entry into industrial service of the first group of the coal-burning thermal plant marks an important date in the annals of electricity production in Portugal.

For the EDP, it is the conclusion of the first phase of a project the total outlay of which exceeds 100 million contos at 1984 prices. Its conclusion is hailed; "only 7 months behind schedule," stressed Engineer Caiado Forte, director general of operations, which, he assured, is very good at the international level for projects of that type.

The second group, identical to the first and to the others scheduled, is already in construction and should go into operation in May of next year. The beginning of the installation of a third group is scheduled for November 1987, and of a fourth, ordered last year, for 2 years later. Last year, the total thermoelectric projects in Sines represented about 19 million contos in gross formation of fixed capital, more than one-third of all of the FBCF [Expansion Unknown] attributable to the EDP that year. The investments in hydroelectric projects (including those of Crestuma, Torrao and Alto Lindoso) totaled less than half of the investment in Sines.

The four groups of the Sines power station, which may be joined by two others later, have a total energy-production capacity greater than one-third of the consumption in Portugal in 1984, which was 18,740 GWH. In terms of nominal power, they also represent more than one-third of the annual peak consumption in 1984.

Next Power Station in Figueira da Foz?

Meanwhile, another power station like that of Sines, with four groups planned and two more possible (identical to those of Sines in production and power) are scheduled to be built in Lavos, in the municipality of Figueira da Foz, and have already received the favorable opinion of the Secretariat of State for Environment.

The installation of that power station (known as the northern power station) had already been scheduled for Viana do Castelo, generating a considerable controversy at that time due to its anticipated environmental impact.

As a matter of fact, a rent on behalf of the inhabitants in the areas of influence of the power stations has already been determined. The management of this rent is entrusted to the municipalities and corresponds to 0.5 percent of the value of production of the power station. In the case of a power station with four groups of 300 MW of power--such as that of Sines, or in the future, that of Lavos--the annual rent is 200,000 contos at 1984 prices indexed to the electricity sale rate.

It is natural, however, that these conditions should be unsatisfactory, at best, for those who are more directly affected by the pollution, since the direct indemnification on an individual basis will always be difficult to implement.

Energy Options

The rate at which the thermoelectric production groups will follow one another depends greatly on the conclusions of a whole debate (or a play of interests) on energy options that is taking place within and outside the framework of the National Energy Plan (PEN).

It depends also on the evolution of demand, which has to be forecast in advance, thus getting into the area of the scenarios of growth, in which an error of evaluation can translate into additional costs of appreciable magnitude (in terms of a company and in macroeconomic terms).

One thing is certain for the men of the EDP: only the electric system can provide a quick substitute for oil without changing the utilizing equipment, replacing the energy generated in fuel oil-burning plants by hydroelectricity or by energy from coal-burning plants, or even by nuclear plants.

On this particular matter, the EDP seems to want to detach itself publicly from the controversy about nuclear energy. In statements made this year, the planning director of the company, Engineer Leite Garcia, declared that "the essential and urgent reduction of dependence on oil makes it necessary for us to resort immediately to coal, inasmuch as we do not have the necessary infrastructures for nuclear energy."

However, considering that we already have a more than 10-year lead in the entry into operation of coal-burning power plants over nuclear plants, with the consequent initial predominance of the former, the problem of the optimum proportion between those two forms of primary energy can await solution for years; it is only urgent that we decide when we should begin construction of the first nuclear power plant.

Unused Water Resources

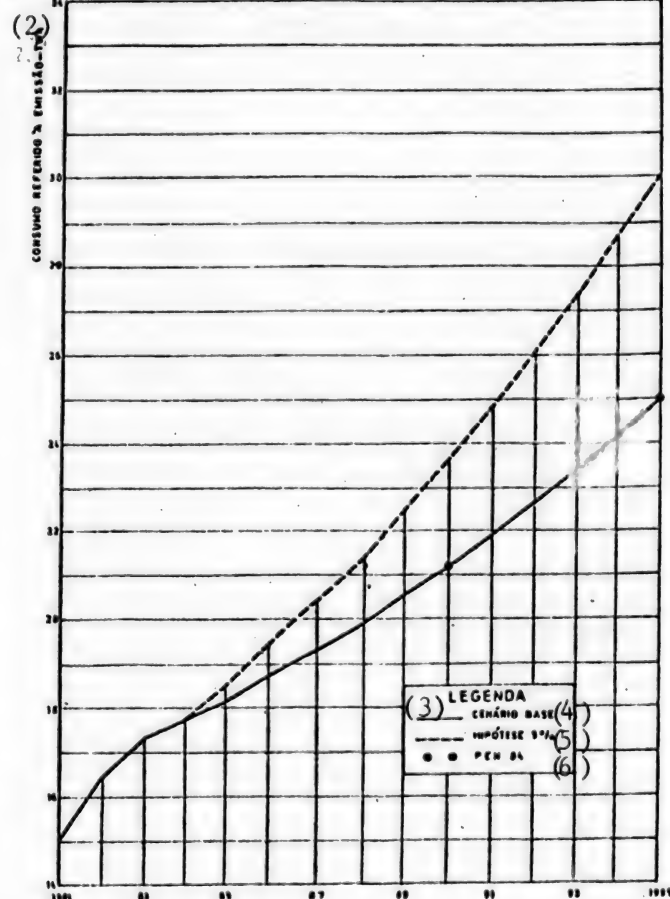
There remains hydroelectricity, inasmuch as half of our water resources continue to be unused. The country's financial difficulties and the fact that the cost of production is not low enough to compete with the thermal plants (other than for loads of medium or short duration) causes the construction of new hydro-projects to continue to be subject to the power and energy needs of the EDP at peak hours, with the detrimental effects produced by that type of utilization, specifically on the water supply to agriculture and industry and the regularization of the volume of flow.

Where the EDP is clearly in contradiction with the National Energy Plan is in the forecast of the rate of growth of the consumption of electricity (which was 4.5 percent in 1984, and is expected to be 5 percent this year).

There is a 20 percent difference between the EDP's and the PEN's anticipated consumption for 1995 and, consequently, somebody has to be wrong. In the view of the EDP, however, it is better to err by excess than by default, thus avoiding the risk of hampering the resurgence of the economy and the loss of ever rarer opportunities.

(See Table On Following Page)

Enquadramento da evolução dos consumos (1)



Fonte: EDP (7)

Previsões de consumo de electricidade segundo a EDP e o Plano Energético Nacional (PEN) (8)

No horizonte temporal, uma diferença de 20 por cento (9)

Key:

1. Frame work of the evolution of consumption
2. Consumption related to transmission --TWh
3. Key
4. Base scenario
5. Hypothesis of 5 percent [growth]
6. National Energy Plan (PEN) 1984
7. Sources: EDP
8. Forecasts of electricity consumption according to the EDP and the PEN
9. A difference of 20 percent in the time frame

8711

CS0: 3542/120

ENERGY

PORTUGAL

BRIEFS

AZORES ELECTRICITY PRODUCTION--It was announced in Ponta Delgada that two new, small hydroelectric plants with a power of 1 megawatt are going to be installed in Ribeira Quente on the island of Sao Miguel. The contract for the installation of the plant was signed in Ponta Delgada between the Public Electricity Company of the Azores (EDA) and a consortium composed of a Portuguese and a French company. With the project, estimated at 360,000 contos, the EDA is seeking to contribute to the creation of alternatives to conventional thermal energy, which accounts for the production of 93 percent of the total consumed locally. The production of electricity has been increasing in recent years in the Azores at a rate of around 8 percent and geothermal energy and hydroelectricity satisfied only 7.4 percent of consumption in 1983. In 1979, the nonthermal component accounted for 19.4 percent of regional energy production. Energy production through the use of gas oil has been gaining ground in the framework of thermal production due, especially, to the entry into operation of new plants. The most recent data for the sector indicate that the consumption of energy (per capita average of 601 kilowatts in 1983) has been marked in the Azores by a "very rapid growth" for domestic and tertiary users; while in the industrial areas, "although it has been increasing in absolute terms, it has lost importance in the consumption structure." [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 25 Jan 85 p 2] .8711

CSO: 3542/110

OCEAN/POLAR ISSUES

ITALY

ANTARCTIC 6-YEAR PROGRAM BEGINS IN NOVEMBER

Rome IL TEMPO in Italian 13 Feb 85 p 16

[Article by Alfredo Passarelli: "Finally: Italy in the Antarctic: With a Budget of Roughly 300 Billion Lire in Six Years."]

[Text] Telecommunications via satellite and eventually by means of lasers; top level technological research, especially in the area of exploratory petroleum drilling; construction of a permanent laboratory to test domestic products such as those designed to provide protection from cold weather; oceanography projects to determine the practical prospects for exploiting fish resources at the southern extremes.

In broad terms this is the program that Italy plans to undertake in the Antarctic beginning in November (when the Antarctic summer commences). It is a wide-scale project which should last seven years, that is, until 1991 when the Antarctic Treaty - which our nation only signed in 1980 - expires. The 150 billion lire budgeted by the CIPE [Interministerial Committee for Economic Planning] will not be adequate to carry out the program. At least twice that sum will be required, and even the original 150 billion lire is contingent upon a special law submitted by the government. This law will be presented to the Legislative Commission of the Chamber of Deputies in order to avoid obstacles or delays. Since the penguins can't vote, such delays are possible. In that case, a special article would be approved as a temporary measure to provide the CNR and the ENEA with the 9,600,000 lire already budgeted in order to allow the gigantic operation to get under way.

The bill provides for the establishment of an interdepartmental committee headed by the minister of scientific research which includes, among others, representatives from the Ministries of Foreign Affairs, Defense, Budget and Treasury. This committee will be responsible for giving advice on the political choices made by the minister of scientific research. An advisory commission, to be made up of experts from all groups involved in the research, will be charged with developing a plan which can be referred to by everyone involved in carrying out the Antarctic program.

By order of the Minister of Research - in conjunction with the Minister of Industry - a management committee made up of four researchers from the ENEA [expansion unknown] and three from the CNR [National Research Council] will have broad powers in overseeing the execution of the project.

As this institutional outline shows, the situation is rather complicated. On the other hand, it is not easy to get so many people to work together without establishing precise limits and responsibilities. Nevertheless, one very positive fact regarding the Antarctic program deserves note. The Treasury Ministry has adopted the principle, "He who spends the most ends up spending the least," and has called for a multi-year plan. Even if this costs more it will undoubtedly put Italy in the position to make its best effort in the "earth's freezer."

Italian scientists, researchers, technicians and military personnel (the latter responsible for the logistical services) will travel aboard a ship which will be leased for the first 3 years of the project. The option for a Norwegian ship will be allowed to run out because that vessel - even though it is an ice breaker - lacks the equipment and fuel storage capacity to remain at anchor for over 2 months in the Ross Sea, where it must serve as a mobile support base after the personnel have disembarked with their materials.

By the beginning of the fourth year Italy should have its own ship for Antarctic research. This ship - which will either be acquired or built expressly for the project - will have a displacement of 3,500 tons, with a crew of roughly 25 men and capacity to lodge about 60 scientists and technicians. Some of the scientists will remain on board to carry out research in oceanography and marine biology, while the others will go to the permanent base which is expected to be built sometime after the end of the fourth year. Before that time, the scientists and technicians (working, of course, only during the Antarctic summer - from November to March) will only have mobile shelter and equipment to work with. This will allow them to acquire the necessary experience in a forbidding climate and to seek out the most appropriate area for setting up the base.

The Italian base in the Antarctic will be of modular construction, with prefabricated sections to be rapidly assembled on the site. For political reasons - about which we have already expressed our reservations - an Italian presence in the Ross Sea is desired. The method of construction of the base will take into account the experience gained in recent years in the area of exploratory oil drilling platforms in the Arctic Seas. It is necessary to resolve problems associated with salinity, corrosion and the hot-cold stress on metals. Special laboratories will be built by the ENEA at Casaccia to simulate Antarctic climatic conditions, especially in order to resolve the problem of physical conditioning in an area where the average temperature during the coldest months is close to 30 degrees below zero.

Particular attention is being paid to the problems of the safety of the scientific personnel. Besides helicopters, the scientists will have use of two small airplanes to reach other bases - especially the U.S. McMurdo base - in order to obtain health care of all types.

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CSO: 3528/34

ENVIRONMENTAL QUALITY

EUROPEAN AFFAIRS

BALTIC COMMISSION TO CONCENTRATE ON POLLUTANTS FROM SOIL

Helsinki HELSINGIN SANOMAT in Finnish 13 Mar 85 p 12

[Article: "Pollutants from Soil Main Topic of Baltic Sea Commission"]

[Text] The commission for protecting the Baltic Sea has previously been contented to issue recommendations concerning only individual substances contributing to the pollution of the sea. At this year's meeting the intent is to go a step further and examine the emissions of different production areas as an integrated entity.

The commission began a 4-day meeting in Helsinki on Tuesday. The most important topic of the meeting is the prevention of pollution coming from the soil, stated the commission's chairman, West German Doctor Peter Ehlers, in his opening speech. Recommendations regarding emissions should in his opinion be made to agriculture as well as the wood and paper industry, for example.

The general condition of the Baltic Sea does not seem to have grown worse, stated Ehlers in assessing the situation. Extensive cooperation is needed for preventing pollution caused by ships since the commission's recommendations only extend to the ships of countries bordering the Baltic Sea. Therefore, contacts with the International Maritime Organization, among others, should be increased in Ehlers' opinion.

The general secretary of the commission, Soviet Professor Harald Velner, said that the objective of the meeting is to establish guidelines for the next five-year program. In his opinion it is also important that recommendations for limits on emissions be accomplished according to category.

Basic studies on the condition of the Baltic Sea have been completed, and the scientists have sufficient and accepted measurements and tools at their disposal. For this reason it is time to go a step further than before in environmental protection work, states Foreign Affairs Counselor Holger Rotkirch, chief of the Finnish delegation.

At the meeting the intent is to decide this year on work groups which would treat areas producing a lot of emissions as an integrated whole and in an order of urgency. The work groups would be temporary until each area is treated in turn.

Several recommendations, which would limit the loading of the sea and deal with PCB and PCT emissions and oil and sewage emissions as well as mercury and cadmium emissions, will be presented at the meeting. The approval of all seven coastal states is needed so that the recommendations could be put into effect.

The commission will also deal with stipulations concerning chemical tankers, according to which all ports must have reception equipment for incoming substances in connection with their purification. The stipulations will go into effect in the beginning of 1986.

10576

CSO: 3617/90

4 April 1985

ENVIRONMENTAL QUALITY

NORWAY

FIRST LEAD-FREE GASOLINE INTRODUCED

Oslo AFTENPOSTEN in Norwegian 6 Feb 85 p 56

[Text] (NTB)--NOROL oil company began on Tuesday the sale of lead-free gasoline from one of its gas stations in Oslo. The gasoline is 95-octane and costs 5 ore more per liter than the usual super-gasoline. In a short time, the unleaded variety will be sold in a handful of other places in the Ostland area. Eventually, NOROL envisions sales of its lead-free gasoline throughout the country. The gas comes from the refinery at Mongstad.

Environmental Protection Minister Rakel Surlien opened up the sale of this more environmentally compatible variety of gasoline. She said that the Government would evaluate the differentiation of excise taxes in order to stimulate the sale of lead-free gas.

Twenty to 30 percent of Norwegian cars--newer models of all six automotive makes--can drive on unleaded gas today. At the outset the effect of the conversion to such gas for the existing car "population" would be relatively small. The use of lead-free gas is, however, a precondition for exhaust-fume cleansing with the aid of a so-called catalytic converter. This is an after-burner which is installed in the exhaust system and which sharply reduces the large number of polluting gases that escape into the air. In Norway, the authorities have advocated the introduction of a requirement for clean exhaust emissions by 1989, one which can be met today only by the use of lead-free gas and catalytic equipment.

A condition is that the rest of Scandinavia and West Germany introduce a corresponding requirement. Environmental Protection Minister Surlien said Tuesday that she could not discount the possibility that the more stringent requirements for clean emissions in new cars might be introduced earlier.

According to the oil company's figures, Norway's annual gasoline consumption is 2-billion liters. Were all the gasoline lead-free, annual pollution would be reduced by about 300 tons of lead.

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